

CIVIL SERVICE NUMBER



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THIS MONTH

CONDUCTING THE BUSINESS OF THE U. S. GOVERNMENT

OFFICIALS EXPLAIN OPERATIONS AND PROBLEMS
OF
CIVIL SERVICE SYSTEM

CHANGES AND CRITICISM OFFERED

PROVISIONS AND APPLICATION OF NEW CLASSIFICATION ACT

THE AGRICULTURAL CREDITS ACT OF 1923

AND

ADDITIONAL FEATURES

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THE CONGRESSIONAL DIGEST

Vol. II

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The Executive Branch of the Federal Government

The Three Branches of Government

UNDER the provisions of the Constitution the activities of the United States Government are divided into three branches, the legislative, the executive, and the judicial. The powers of each serve to check and balance the powers of the others. The three branches are set up by the Constitution in the following order: Article 1, Section 1. "All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives." Article 2, Section 1. "The executive power shall be vested in a President of the United States of America." Article 3, Section 1. "The judicial power of the United States, shall be vested in one Supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish."

During the past eighteen months the activities of the legislative branch of the Federal Government have had the full attention of THE CONGRESSIONAL DIGEST. Beginning with this number the Executive and Judicial branches will be included thereby rounding out THE CONGRESSIONAL DIGEST's purpose of explaining and discussing the work of the three branches of our Federal Government.

The Executive Departments and Their Employees

In response to an inquiry directed by the President to all the Departments and independent establishments of the Government, relating to the number of employees and to the increases and reductions in the government personnel between March 4, 1921, and March 4, 1923, a tabulation has been prepared showing a net reduction of 98,792.

The detailed figures furnished by all the departments and independent establishments show that reductions aggregate 119,188. These were in part offset by increases in certain departments amounting to 20,396, the difference between these two figures is 98,792, which represents the net reduction.

The most important of these decreases are:

Treasury Department	19,154
War Department	45,020
Navy Department	42,037
Interior Department	437
Department of Commerce	1,921
Department of Labor	499
Civil Service Commission	79
Federal Trade Commission	3
United States Shipping Board	5,431
United States Railroad Administration	135
Alien Property Custodian	36
U. S. Employees' Compensation Commission	6
Government Printing Office	470
U. S. Bureau of Efficiency	3
Comptroller General of the U. S.	390
Federal Reserve Board	20

Civil Personnel in the Government Service, March 4, 1923.

DEPARTMENT	NUMBER
State:	
Departmental	4,578
*Outside of Washington, including foreign Service	3,370
Treasury:	
Departmental	19,023
Field	37,588
Coast Guard	4,161
War:	
Departmental	3,037
Field Service	
Washington, D. C.	1,563
Outside of Washington	140,411
Justice:	
Departmental	646
Field	742
U. S. Courts	2,744
U. S. Penitentiaries	361
Post Office:	
Departmental	1,411
Treasury Savings Securities	52
Inland Transportation	26
Field Service	253,054
Navy:	
Departmental	1,993
Field (Outside Executive Dept.)	40,606
Interior:	
Departmental	6,036
Field	11,860
Agriculture	19,690
Commerce:	
Departmental	2,699
Field	7,651
Labor	3,159
(U. S. Housing Corporation)	551
Interstate Commerce Commission	
Civil Service Commission:	
Departmental	334
Field	207
Federal Trade Commission	301
U. S. Shipping Board	3,515
U. S. R. R. Administration	1,123
War Finance Corporation	568
Alien Property Custodian	138
U. S. Tariff Commission	160
U. S. Employees' Compensation Commission	73
U. S. Veterans' Bureau:	
Departmental	15,110
Field	114,394
Hospitals	9,475
Federal Board for Vocational Education	1 (82)
Government Printing Office	4,000
U. S. Bureau of Efficiency	53
Comptroller General of the U. S.	2,018
Federal Reserve Board	215
Total	504,778

* January 1st. † January 31, 1923. ‡ February 9, 1923.
§ Not available because of transfer to Veterans' Bureau.

The Growth of the Federal Civil Service System

By Herbert D. Brown

Chief, U. S. Bureau of Efficiency

A DISCUSSION of the history of civil service and of the causes which led to civil service reform may, for convenience, be considered under three captions: The Preliminary Period, 1789 to 1830; the Spoils System Period, 1830 to 1883; and the Competitive Examination Period, 1883 to the present time.

The Preliminary Period

During the first 40 years of the life of the Union a high standard of political morality governed Federal appointments, and while all candidates were selected without examination, competence and honesty were considered necessary attributes in all appointments. Political parties, having power to suggest and force appointment were unknown and in fact did not gain this power until Jackson's administration, hence the first six Presidents who administered the Constitution, whose chief aim was to give the new Republic a sound administration were not troubled by partisan influence. Moreover relatively few people were necessary to conduct the business affairs of the Government and all appointments were therefore given the personal attention of the President or the Cabinet officers. Public opinion was quick to detect administrative abuses; an appointment or a removal which appeared to be dictated by anything other than consideration of honesty and competence called forth bitter criticisms.

Political influence in appointments became evident however soon after 1820. On May 15 of that year President Monroe signed the Tenure of Office Act which provided that certain Government officials such as district attorneys, collectors of customs, Navy agents, registers of the Land Office, paymaster in the Army and so forth should be appointed for four years only (a term of office corresponding with that of the President), and that they could be removed from office at pleasure. Advocates of the act in Congress maintained that it would permit the dismissal of inefficient and dishonest officers, and the periodic overhauling of Government service, and at the same time allow the reappointment of capable officers. As later events proved, however, this act became the foundation upon which the spoils system was built, in that it permitted the political parties which were then gaining power, to influence the President in making appointments and dismissals.

The Spoils System Period

Although started in 1820 the spoils system made no great headway until President Jackson's administration. Jackson in eight years removed more men from office than had been removed in the whole 40 years previous, largely through the influence of Van Buren, then Secretary of State, who had been brought up under the spoils system in New York State. The period extending from 1830 to the passage of the Civil Service Act in 1883 was marked by general incompetency among Government officials. In 1836 an act strengthening the spoils system, sponsored by the administration, was passed which provided that the President should appoint all postmasters receiving a compensation of more than \$1,000. During President Johnson's administration following the civil war it was charged that only those persons who were unqualified to succeed in private affairs were appointed to the public service. Cases were cited where as high as \$5,000 were offered for appointment to a gauger's position in the revenue service which carried a salary of \$1,500 a year. President Hayes as late as 1878 appointed a committee to investigate

the Custom House Service at New York and this committee found that under the practice then prevailing the majority of weighers at the port of New York receiving \$2,500 a year, were rendering little, if any, service to the Government. One collector had amassed for himself \$210,000 during his first term and at the close of the second term his accounts were short \$1,225,705. Upon recommendation of the commission one-fifth of the Custom House force was dismissed with a saving of \$300,000 in salaries.

In the late seventies it was frequently the custom to require employees in the Federal service to pledge definite amounts of their salaries for political campaign expenses, or even to file past a desk during election years and deposit a cash contribution.

During this period of 53 years many attempts were made to institute a reform in civil service appointments. In 1835 a Senate committee reported a bill which repealed the Tenure of Office Act of 1820 and provided that each nomination of an officer should be accompanied by a statement of the reasons for removing his predecessor. This bill passed the Senate but was defeated in the House by the efforts of the administration.

In 1841 a committee appointed by the House of Representatives reported that with proper economy Government expenditures in peace times could be reduced by several million dollars, urged the importance of holding examinations to determine the qualifications for clerkships and recommended an impartial board of examiners in each of the departments to test candidates nominated by the heads of departments for character, habits, knowledge of accounts and penmanship.

A Senate committee in 1844 reported that the expense of collecting revenues was less than 3 per cent gross under John Quincy Adams, 4½ per cent under Jackson and 8½ per cent under Van Buren. It contended that a great part of this increased expense was due to the spoils system and condemned particularly the appointment and removals in the Treasury Department. In 1853 and 1855 laws were passed regulating appointments of clerks whose salaries ranged from \$1,200 to \$1,800, but the law accomplished little because under its provision the head of the department could call in for examination anyone he wished and appoint any person whether he stood highest or lowest. In 1864 Senator Sumner introduced a bill providing for competitive examinations. It provided for three commissioners appointed by the President as a board of examiners and stipulated that appointments were to be made from those recommended on certificate of the board except those which required confirmation by the Senate. The bill was defeated by a large majority. This was perhaps the first attempt made by Congress to secure Government officers through competitive examination, and may justly be regarded as the precursor of the present civil service law. Three years later Mr. Jenckes introduced a similar bill in the House of Representatives and subsequently made several unsuccessful attempts to have it passed.

Up to 1871 the spoils system was dominant although continuously critized and challenged and not a single law had been passed by Congress to ameliorate its demoralizing influences. In 1871, however, Senator Trumbull, inserted the following paragraph as an amendment to the civil appropriation bill:

"That the President of the United States be, and he is hereby, authorized to prescribe such rules and regulations for

the admission of persons into the civil service of the United States as will best promote the efficiency thereof, and ascertain the fitness of each candidate in respect to age, health, character, knowledge and ability for the branch of the service into which he seeks to enter; and for this purpose the President is authorized to employ suitable persons to conduct such inquiries to prescribe their duties, and to establish regulations for the conduct of persons who may receive appointment under the civil service."

The bill with its amendment was passed and became a law and although President Grant appointed a board and charged it with the duty of formulating rules and regulations for conducting examinations, Congress the next year failed to provide an appropriation and the act was not carried out.

Nine years later Senator Pendleton introduced a bill "to regulate the civil service and to promote its efficiency by providing competitive examinations and to prohibit political assessments." It failed of passage but was revised and reintroduced in 1882, and was passed by the Senate in December 1882, by the House of Representatives in January 1883 and received the signature of the President on January 16 following. In February, President Arthur appointed Mr. Dorman B. Eaton, Mr. John M. Gregory and Mr. Leroy D. Thoman the first Board of Commissioners.

The Competitive Examination Period

The inauguration of these commissioners marked the beginning of the present system of open competitive examinations.

The fundamental principles underlying the law of 1883 which the commission was created to administer were:

1. Selection by open competitive examination of all appointees to the classified service.
2. Apportionment among the States and Territories, according to population, of appointments in the departmental service in Washington.
3. Freedom of all employees appointed under civil service rules from any necessity to contribute to political campaign funds or to render political service.

The law has remained practically unchanged since its adoption. The rules formulated by the first commission have often been amended, extended and interpreted but their underlying principles have not been changed. New duties have occasionally been imposed upon the commission such as inquiring into the loyalty of candidates, giving military preference to ex-soldiers and sailors and administering the re-

tirement law, but at no time has any fundamental reorganization occurred.

Nearly all of the Presidents have strengthened the Civil Service Commission by placing more and more classes of employees under its jurisdiction. President Cleveland, the first Democratic President in 24 years, despite the pressure upon him, did not seek to nullify the civil service law but placed his partisan supporters, so far as possible, in unclassified positions. Moreover, after his defeat in 1888, but before he retired from office, he included 6,000 employees of the railway mail service in the classified positions. President Harrison following the precedent set by Cleveland waited until he was defeated in 1892 and then classified all rural delivery offices. This practice was followed by Cleveland in his second term and to some extent by McKinley, but Roosevelt early in his administration increased the number of classified offices from 110,000 to 226,000. President Taft placed a few new offices under the classified service, including 2,237 assistant postmasters and 1,386 clerks in first and second class post offices. President Wilson extended the classified service by including in it vacancies arising in first, second and third class postmasterships.

Generally speaking the act has been upheld by Congress though in the early days, particularly, it was the subject of many violent attacks. By its opponents it was said to be unconstitutional, restrictive in taking away the appointive power of the President, and that it would tend to create a permanent office holding bureaucracy. The Supreme Court, however, decided that the act was constitutional and other criticisms made little headway.

Reviewing the history of the Civil Service Act it is apparent that the general tendency has been to include more and more classes of positions within its jurisdiction, particularly lower positions. The civil service commission during its first year controlled 13,924 places. By June 30, 1896, the number had been increased to 87,000, but the following year it dropped to 85,000. By 1903 the number of positions under classified service reached 135,000 and ten years later it reached 282,000. At the peak of the war period in 1918 there were approximately 500,000 positions in the classified service.

By 1908 or within 25 years after the establishment of the Civil Service Commission, practically all positions in the clerical grade had been brought under the classified service.

On December 31, 1921, the total number of Federal employees, departmental and field, was 588,018 of which number about 100,000 occupied unclassified positions.

Housing the Federal Activities in Washington

THE Government now occupies nine million square feet of office space in Washington, exclusive of the Capitol and Court House. Of this space, 940,000 square feet is rented. On December, 1922, the annual rental paid by the various departments of the Government amounted to \$524,693.

The work of housing the various Government activities is directed by the Public Building Commission which was created under the Act of March 1, 1919. The Commission is composed of the following members: Senator Reed Smoot, chairman, Senator Claude A. Swanson, Representative John W. Langley, Representative Frank Clark, Elliott Woods, Architect of the Capitol, Lieut. Col. Clarence O. Sherrill, Corps of Engineers, U. S. Army, and

James A. Wetmore, Acting Supervising Architect of the Treasury.

At a meeting of the Commission on April 13th, it was decided to urge upon the next Congress a public buildings program for the National Capital calling for an appropriation of \$15,000,000.

Among the more important buildings which the Commission is asking Congress to appropriate money for are: The Internal Revenue building, approximately 600,000 square feet of floor space, estimated cost \$6,500,000. General Accounting Office building, requiring 150,000 square feet of floor space, estimated cost \$3,750,000. Department of Justice building, requiring 150,000 square feet, at an estimated cost of \$2,250,000.

The U. S. Civil Service Commission

Commissioners

William C. Deming, President, Mar. 1, 1923

Helen H. Gardener, Apr. 13, 1920; George R. Wales, Mar. 17, 1919

Civil Service and Duties of Commission Explained

By William C. Deming

President, U. S. Civil Service Commission

THE term "civil service" is often used loosely without adequate conception of its significance or limitations. Strictly speaking, all government employees, except those which constitute the armed forces, are civil, yet, not all employees outside of the military branches are in the civil service, that is, the "competitive classified civil service."

The civil service law does not apply to the legislative and judicial branches, but only to the executive department and only to the civil positions in that branch and not to all of them. The "classified service" means that part or parts of the executive branch under the civil service law and rules requiring appointments therein to be made upon examination and certification by the Civil Service Commission. The law expressly exempts from classification thereunder positions to which appointment is made by the President subject to confirmation by the Senate and also work requiring unskilled labor.

Contrary to the general belief, postmasters at offices of the first, second and third classes are not included in the competitive classified service. They can not be because, under the law, postmasters at such offices are appointed by the President subject to the confirmation of the Senate. Competitive examinations, however, are held for these postmaster-ships under executive order. The Civil Service Commission by holding examinations merely helps the President, in a sense, find and select his nominees. When the Commission certifies to the Post Office Department the names of the highest three qualified eligibles its duty ends under the terms of the executive order. The President may nominate for appointment any one of the three eligibles certified by the Commission, or he may appoint a postmaster without the formality of examination and certification. That is his privilege, and, indeed, under the law, he may make an appointment without examination to a competitive classified position.

Postmasters at fourth class offices, which constitute the larger number, are within the competitive classified service because they are not appointed by the President nor confirmed by the Senate. They are selected by the Postmaster General from eligibles certified by the Civil Service Commission.

There are three Civil Service Commissioners appointed by the President for no definite term, and they are responsible to him in administering the civil service law.

What the Civil Service Commission can do and not do is more or less easily determined. The popular impression that its rules, practices and policies, particularly as to examinations, are so flexible that they may be bent this way or that way to meet a specific case or situation, or to facilitate the appointment of an applicant who is not technically qualified is responsible for a great deal of unwarranted criticism of the Commission.

The United States is the largest employer of skilled and unskilled labor in the world. Forty years ago there were approximately 14,000 positions subject to competition. On June 30, 1922 about 420,000 persons held positions in the civil service subject to competitive examination, and this large

number was a considerable reduction from the high peak of the war and the years immediately following it.

The numerous competitive examinations under the civil service act which are carried on from time to time throughout the country embrace at least 1000 different positions and occupations. About a quarter of a million people took the examinations last year. This means that there are hundreds of thousands of men and women who are preparing for public service under the competitive system, thereby receiving the discipline and stimulus which comes from fitting one's self for work requiring fixed standards of efficiency or in which one must show qualifications for work necessitating moral, mental and physical talent. Civil service employees may be found in nearly every ramification of human endeavor.

The Commission's careful and complete system of rating insures a fair and impartial judgment of the relative merits of the applicants. Where there are so many appointments to be made it necessarily follows there are many disappointments; hence, occasionally dissatisfaction with the result of an examination and appeals to the Commission for review, which, in most cases, does not change the result.

Scattered throughout the country are 3500 boards of examiners who report directly to the district secretaries, of whom there are thirteen, who in turn report to the Commission in Washington. Information is easily obtainable as to all forthcoming examinations.

The civil service law was the first practical step toward increased federal efficiency. There are, however, inconsistencies and anomalies in government service resulting from a lack of coordination. There have been no standardized systems as to qualifications and compensation. For example, by reason of the many independent branches of the Government, created at different periods, working under different laws and conditions, one may find in Washington an employee in one department receiving a salary of \$900 a year and an employee with the same title and doing the same work in another department receiving a salary of \$1400 a year. It is even true that there are supervisory employees receiving less pay than the subordinates under them. Furthermore, in a great many cases the pay of a federal employee is below the point of adequate compensation. This has been in a measure relieved through the bonus system which, however, is not satisfactory because the term is misunderstood by the public and is merely an expedient. For these reasons and many others on March 4, 1923, Congress passed the Classification Act. Under it titles will be affixed to positions which require definite duties and definite duties will be attached to particular positions and established rates of pay for such positions will be arranged. This will provide uniformity of service and compensation, promote efficiency and greater satisfaction throughout all the departments affected by the act.

The larger effect of the classification act will be to coordinate the work of the Civil Service Commission, the Bureau of Efficiency and the Bureau of the Budget. This is accomplished by the establishment of the Personnel Classification Board, consisting of the Director of the Budget, or an alternate appointed by him, a member of the Civil Service

Commission, or an alternate, and the Chief of the United States Bureau of Efficiency, or an alternate. When the report is made upon the hundreds of thousands of employees, who may receive salaries up to \$7500, and the Board's recommendations adopted by Congress, the Government will for the first time in its history make a long stride toward being operated as a large business concern should be operated. It will enable the Civil Service Commission to set more clearly before the public both the immediate and the future oppor-

tunities offered under the Federal Government, and with the increased opportunities, through wider salary ranges provided by the act, it will serve to improve the working personnel of the service. Promotion may be carried out along scientific and well ordered lines. There will be greater incentive for effort because of the assurance that merit will be more easily identified and recognized. All this makes for justice, and where justice or equity is found contentment usually follows.

Civil Service Procedure

By Helen H. Gardener

U. S. Civil Service Commissioner

THERE may be occupations engaged in by men and women that are not represented in the civil service of the United States, but I am unable to think of any such at this moment.

The Government employs men who devote their time to the repairing of clocks and others who study the habits of bugs. Still other Government employees sweep floors or load trucks, while some experiment with food values. Every one knows that Government employees collect and deliver our letters and packages but perhaps it is not so well known that there are hundreds of doctors and lawyers, thousands of bookkeepers, auditors, merchants, agronomists, scientists of every kind and description, not to mention the thousands of general run of clerks, and so forth in the Government.

The principal business of the Federal Civil Service Commission is to supply the right men and women to hold these jobs; that is, men and women who through open competitive examination are shown to possess the mental, physical, and moral qualifications that should fit them to perform the duties of the particular positions in which appointments are to be made. The Civil Service Commission was called upon to test the qualifications of applicants for positions of no less than 1150 different kinds of occupations last year alone.

The first step toward supplying eligibles to fill a position that is vacant or soon will be vacant is to find out what the employee in that position is called upon to do. This is known as job description or job analysis and it includes a statement of the duties of the position as well as the qualifications, characteristics, and aptitudes of persons who can perform those duties. This job description we secure from the Department needing the employee.

The next step is to devise an examination which will not only test the qualifications of the applicants to perform the duties of the particular position for which they apply, but will rate them as to their relative ability to perform those duties. In the making of the tests and examination questions we collaborate with the Department interested.

Let us assume that a department of the Government needs an editor of radio news. The Department gives the Civil Service Commission the job description and after conference between representatives of the Department and the Commission a decision is reached that in order to qualify for the position of radio news editor candidates must show that they have graduated from a college of recognized standing and had at least two years' experience as writer or editor of a newspaper or magazine. The Commission then makes public announcement of the need for such an editor and requires each candidate for the position to give under oath a complete history of his education and experience, including the places where he has been employed, and also the names of five persons by

whom he has been employed or of reputable persons who know of his experience. The candidates are also called upon to submit copies of published newspaper articles or material they have prepared for radio work, which they desire to have considered as samples of their work. The Commission then sends a confidential inquiry to each of the persons named as references and to former employers whether or not named as references, with return envelopes for replies just as a bonding company might do. Upon all the evidence thus far secured if the candidates "pass muster," they are given a practical test by mail on radio news editing. This completes the examination for radio news editor and the Commission assigns relative ratings on the basis of all information at hand. This form of examination is called "unassembled," as the candidates do not have to assemble in an examination room for a written examination. A great many of the examinations for professional and scientific positions are of this type, including those for the higher classes of chemists, engineers, physicists, and the like.

The lower grade positions of carpenter, machinist, electrician, and printer are filled through civil service examinations of much the same general character, although the form of application and the method of procedure is much simpler. For these positions candidates are required to include with their applications medical certificates executed by reputable physicians and they are rated not only upon experience in the trade but on physical ability. Of course, for positions such as these the needs of the Government are anticipated and registers maintained so as to be available when certifications of eligibles are called for.

For administrative positions not filled through promotion of some one already in the service, the procedure is in general similar to that followed in the case of the higher grade scientist. The rating is based largely on actual achievement, an attempt being made to measure the achievement in terms of percentage.

Wherever practicable, actual tests are given in the work to be performed. For example, applicants for stenographic positions must be examined in practical stenographic work. Calculating machine operators must perform tests on calculating machines in the examination room, and so on. For these types of examinations applicants are assembled in examination rooms and are given written and practical tests. These are called "assembled examinations."

The unskilled laborers, who sweep the floors and load the trucks, are given a physical examination only.

After the percentage ratings have been assigned by the trained examiners of the Commission, registers of eligibles are prepared which list in relative order and according to title of examination those who were successful in attaining

a passing grade. Persons who are entitled to preference because of military or naval service have five points added to their earned ratings, or ten points if they were disabled in service.

It may be interesting to know that each and every examination paper is given a number. The name of the applicant is in no way connected with his own paper until *after* it has passed through the hands of the examiners so that there is absolutely no way for an examiner to "favor" one applicant or mark down another. Those who do the grading are dealing with absolute blindness so far as the names of individuals are concerned. The names are not opened and attached to the papers until they have left the examiners and gone up to the official whose duty it is to give him right name to No. 50 or No. 70 as the case may be.

When a position is to be filled, certification is made of the names of the highest three eligibles on the list maintained by the Commission, and the Department selects one of the three persons. When selection is made, the names of the other two are returned to the register for further certification. For positions in the departmental service at Washington, under the law certifications are made as nearly as the conditions of good administration will permit so that the appointments shall be apportioned among the several States and Territories on a basis of population.

One of the favorite misstatements that is made about civil service is that "you can't get rid of an inefficient

employee" under that system. The opposite is the case. In the first place, the chief has six months after a new employee comes to him before that clerk's examination is completed. He is on trial only, for that length of time to test his ability and fitness for the job for which he has taken the written part of the examination. If during the six months the chief discovers that he does not do well or is unfit for the place, all it is necessary to do is to send the employee back, as he was "on probation" only for that time. After six months, if he has done well his examination is complete and he becomes a permanent employee. But still he can be discharged if he is not efficient. There is a regular method of procedure prescribed by law for getting rid of poor employees. In fact, it is far easier than it is to get rid of the "spoils" clerks, those who hold their tenure by political pull or personal influence, whose "backer or backers" make it very warm for the chief who tries to rid his division of worthless but politically appointed clerks. There are civil service employees kept in their positions who are inefficient, it is true, due in very great part to the lack of interest or of courage of those above them. It is not their civil service status that holds them in office, as is constantly asserted. The new classification will, it is hoped and believed, rid the service of these and serve to encourage and reward that vast army of honest, faithful, capable government employees without whom the government would be crippled, indeed.

The President's Part in the Civil Service

By John T. Doyle

Secretary, U. S. Civil Service Commission

Mr. Doyle has the distinction of having served the Commission since its inception in 1883

THE degree of enforcement of the merit system and the extent of its application rest with the President.

The statutes confer upon him vast discretionary power. He is vested by the Constitution with executive power. He is to see that the laws are faithfully executed.

In 1883 the present Civil Service Act was passed, the purpose of which was declared in its title to be "to regulate and improve civil service." It provides for a commission to aid the President as he may request in preparing suitable rules for carrying the Act into effect.

The fundamental provisions of the Civil Service Act were limited to be carried out "as nearly as the conditions of good administration will warrant," and authority given to the President to make "any necessary exceptions" to its provisions. Acting under this authority for making exceptions the President, in the rules, lists positions which may be filled without competitive examination or upon noncompetitive examination. In these lists are grouped those positions for which competition is deemed unnecessary or inappropriate. In the making of laws all cases cannot be foreseen or expressed, and it is essential that, when the law comes to be applied to particular cases, there should be somewhere a power vested of defining those circumstances which, had they been foreseen, the legislature itself would have expressed. Accordingly, the different Presidents have exercised their authority of waiving restrictive provisions of the rules in individual cases.

The difference between excepting a position from examination and an Executive order allowing the appointment of an individual is that, in the former case, the position is taken out of the competitive class, and, in the latter, the position remains in the competitive class but an individual appointment is allowed without examination. When the position again becomes vacant the head of the department may find an employee already in the classified

service who will be satisfactory. Instead of taking a whole class of employees out of the competitive list or a single office permanently, the President, to accomplish his purpose, chooses to make a single temporary exception. It is an exercise of the President's personal authority with which the law clothes him. From 1883, when the civil service law was enacted, to 1907, there were few Executive orders applying to individuals. During this period the number of classified positions was small. As the rules were extended to include more positions requiring a great variety of qualifications, individual Executive orders authorizing appointments without examination came into vogue.

The making of Executive orders has come to be governed by system and precedent. In the beginning Executive orders were of varying tenor under substantially the same state of facts and had no common place of consideration. In the framing of the orders from the viewpoint of single appointing officers, there was a lack of system and harmony. There was danger that the exceptions would become so numerous as to become undesirable precedents. In order that regard might be had to the needs of the service and harmony and precision might prevail, President Roosevelt directed that the draft for any exception should be referred to the Civil Service Commission for preparation, and that a full statement of the reasons should be made at the time of the issuance of an order. Later President Taft directed that the orders should state whether or not they were recommended by the Commission, with the reasons, and that, if they were issued against the recommendation of the Commission, the orders should contain a statement of the reasons which guided the President in overruling the Commission.

It is not alone the President, however, who creates exceptions from examination. In numerous appropriation acts it has authorized appointments without reference to

the Civil Service Act. Such provisions of law are unnecessary, since the President has the power to make the exception if he deems it to be required in the interests of good administration. If the exception is enacted into law, it is difficult to secure its repeal or modification. The proper limits to the examinations should be left to Executive discretion to be made or altered from time to time as the needs of the service may require.

Only a portion of these Executive orders allow appointments without examination. Many of them affect persons who are already in the competitive class, merely allowing their promotion under a waiver of the rules, reinstatement where the employee had been out more than the restricted period, the waiver of physical disability for entrance to the service, admission to examination or appointment without regard to labor regulations. The largest of these classes is the one in which the year limit governing reinstatement was waived. Some of them are cases in which humane

considerations entered or recognized heroic conduct upon the part of persons in the civil service. These were within the realm of Executive benevolence. Further details appear in the annual reports of the Commission, where the orders are given in full with explanations.

The number of appointments without examination is inconsiderable compared with the whole number of appointments from competitive examination. No one President has exercised the power of making exceptions to any greater extent than any other. It is to be expected that a larger proportion of such exceptions would follow a change of administration, and yet the whole number of orders allowing appointments of individuals in the first year of President Wilson's administration is 59, as compared with nearly 20,000 competitive appointments in that year, and in President Harding's administration 45, compared with nearly 100,000 competitive appointments in that year.

Presidential Postmasters

POSTMASTERS of the first, second and third classes are not brought within the terms of the civil service law, but are appointed by the President, by and with the consent of the Senate. These officers are known as "Presidential postmasterships."

On March 31, 1917, President Wilson issued an executive order requiring that the Postmaster General recommend to the President for appointment to first, second and third class postmasterships, the man standing highest on an eligible list prepared by the Civil Service Commission, as the result of a competitive examination, when filling vacancies caused by "death, resignation or removal."

On May 10, 1921, President Harding issued an executive order permitting the selection of any one of the three highest eligibles on the Civil Service Commission's list, instead of the highest qualified eligible, and extending this system of selection to cover the filling of all vacancies arising from any cause.

The Civil Service Commission in its annual report for 1922 states that on July 1, 1922, there were 51,948 post offices, 37,899 of which were of the fourth class. The

remaining 14,049 were of the presidential class, 834 of which were of the first class, paying a salary of \$3,200 per annum or more; 2,808 were of the second class, paying a salary of \$2,300 to \$3,100, inclusive; and 10,407 were of the third class, the annual salary being \$1,000 to \$2,200, inclusive. With the term of office for a postmaster fixed by law at four years, an average of approximately 3,500 offices become vacant annually, in addition to about 1,000 through death, resignation, or removal, making a total of 4,500 vacancies to be filled each year either through open competitive examinations or upon noncompetitive examination of classified employees recommended for promotion. Since the issuance of the President's order of May 10, 1921, to July 1, 1922, 8,843 examinations have been requested under the order, 430 of which were for first-class offices, 1,547 for second-class offices and 6,866 for third-class offices. During this period the department reported 5,810 nominations as the result of examination, 275 for first-class offices, 916 for second-class offices, and 4,619 for third-class offices. Of the nominees, 947 were preference claimants.

Preference in Civil Service Granted to War Veterans

IN THE annual report of the U. S. Civil Service Commission for 1922, the Commission made the following recommendation: "The Commission has given some study and consideration to the probable effect on the civil service of the present preference regulations, and is of the opinion that the interests of sound business administration would best be served by changing them at least to accord with those applying to presidential postmaster examinations. Under current practice a veteran is declared eligible if he attains only 65 per cent in the civil service examination, and his name is certified *ahead* of all nonveteran eligibles, regardless of how high their ratings may be. In the presidential postmaster examinations 5 points are added to the earned rating of each preference candidate, and his name is then considered for certification *in its order* on the basis of this augmented rating, provided it is as much as 70 per cent."

The President on March 3, 1923, issued an Executive order under which the benefits granted to veterans by the Deficiency Act of July 11, 1919, shall be as follows:

For eligibility, a rating of 70 per cent is required of all applicants. Veterans are given five points and disabled veterans ten points in addition to their earned ratings in examinations. This will mean that the veterans' papers will be rated, giving due regard to his military service and that he will then have five points (or if a disabled veteran ten points) added to his earned ratings and his name will be placed on the register with other eligibles *in the order* of his augmented rating. A nonveteran must earn a rating of 70, while a veteran who is not disabled must earn a rating of 65 to have his name entered on the register. A disabled veteran need earn a rating of only 60 per cent to have his name entered on the register.

How Injured Employees are Compensated

By Bessie P. Brueggeman

Chairman, U. S. Employees' Compensation Commission

THE United States Employees' Compensation Commission administers the Federal Compensation Act which was created by Congress in September, 1916.

It awards compensation to all civil employees of the United States Government suffering personal injuries while in the performance of their duty, if not due to intoxication, willful misconduct or intention to bring about injury.

This Act covers approximately 600,000 persons. Wherever an employee is at work for this Government, and we have them all over the world, that employee comes under the administration of this Commission.

The injured employee is entitled to Medical, Surgical and Hospital services and supplies and transportation if necessary to secure them.

Compensation begins on the fourth day of disability and continues throughout the entire period of disability. If an employee be totally disabled, his compensation is at the rate of two-thirds of the monthly pay, including value of subsistence and quarters, if furnished, but not more than \$66.67 nor less than \$33.33 per month. If partly disabled, the employee receives compensation at the rate of two-thirds of the loss of wage-earning capacity caused by the injury.

If an employee is killed in performance of duty or if his injuries result in death, his widow receives 35 per cent of the monthly pay of the deceased employee until death or remarriage, and in addition each child under eighteen years of age

receives 10 per cent of the monthly pay until death, marriage, or until reaching the age of eighteen. Also compensation is paid to parents, brothers, sisters, grand-parents and grandchildren for eight years or until death or marriage.

The Commission is composed of three members, two men and a woman, appointed by the President of the United States for a term of six years. It has under it a force of about 85 people, which force is divided into divisions. It has a Medical Division headed by a Medical Director who is always a doctor of standing, a Legal Division headed by a chief attorney, a Claim Division which is composed of Claim Examiners, and so on, seven divisions in all.

The War Department usually contributes the largest number of injuries. In the Engineering Corps alone four and five out of every 100 men injured are killed. The Navy Department usually comes second in the number of injuries and the Post Office Department third. In the Aerial Service of the Post Office Department, during the year of 1920, 15 out of 57 injuries were fatal. This service has been improved since then, and the number of fatalities decreased.

Today the field work of the Federal Prohibition Department is considered the most hazardous calling in this country, seven out of every 64 men injured being killed.

The Commission's annual appropriation amounts to approximately \$3,000,000. The injuries which are reported to it each month number anywhere from 1,200 to 3,000.

Provision for Retired Employees

By John S. Beach

Chief, Retirement Division, Bureau of Pensions

SOON after the passage of the Civil Service Act of January 16, 1883, the question of retirement of Government employees began to receive attention. It was realized that the application of the civil service law would promote permanency of tenure of office and that ultimately the service would become clogged with superannuated employees.

As years went by it became more and more evident that unless a retirement law should be enacted efficiency in the service would be reduced appreciably because of the retention of those who on account of age or infirmity were no longer able to render satisfactory service.

As early as 1889 a bill was introduced in Congress providing for the retirement of superannuated employees. Not until May 22, 1920, however, was a law finally enacted providing for retirement of Government employees generally. The law became effective for retirement purposes on August 21 of that year, and since then more than 11,000 applications for annuity have been filed.

The retirement Act was designed primarily to extend its benefits only to those in the "classified" civil service of the United States. Before final enactment other groups of employees were included, notably Superintendents of National Cemeteries, employees of the Library of Congress, of the Superintendent of the Capitol Buildings and Grounds, of the Botanic Garden, and certain employees of the municipal government of the District of Columbia. The President, in the exercise of the power conferred upon him in the original Act, has extended its provisions to

certain groups of unclassified laborers, and, through an Act of Congress approved June 17, 1922, charwomen, laborers, and other unclassified employees receiving less than \$600. per annum were included. It is estimated that at the present time more than 400,000 employees are within the purview of the Act.

Eligibility for retirement on annuity is based upon a minimum service of fifteen years, and upon either attaining the requisite age, or becoming totally disabled for useful and efficient service before reaching retirement age. Railway postal clerks have the option of retiring at sixty-two years of age; mechanics, city and rural letter carriers, and post-office clerks at sixty-five years; and all other employees at seventy years of age. Out of the 7576 annuitants on the roll June 30, 1922, 4129 were former employees in the postal service.

Annuities are graduated with reference both to the number of years in the service, and the average salary received during the last ten years of service. The maximum annuity allowable under the law is \$720. per annum and there is no fixed minimum. The lowest annuity granted so far is \$80.16 per annum, this being in the case of a low-salaried employee who had rendered a little more than sixteen years of service. The average annuity as shown by the last annual report of the Commissioner of Pensions is \$564.48 per annum.

The retirement Act is based upon the plan that the Government and the employees shall share in the cost of maintaining the system. Every employee to whom the

Act applies is required to contribute $2\frac{1}{2}$ per cent of his basic salary to the "civil-service retirement and disability fund" and this fund is made available under the terms of the Act for the payment of annuities, refunds and allowances provided for therein. Up to the present time the amount of the contributions of employees far exceeds the amount disbursed, and therefore the Government has not been required to make any appropriation to meet its share in the cost of the system. At the close of the last fiscal year there was a surplus in the fund of more than \$18,000,000 and it is estimated that the surplus on June 30, 1923, will amount to nearly \$27,000,000. It is a fact, however, that while the fund will increase each year for some time, yet the time will come when the annual disbursements will exceed the annual contributions and ultimately the so-called surplus will be exhausted, and the Government will then be required to make an annual appropriation to meet the deficiency and to cover its share in the cost of the system. The available surplus in the fund is invested from time to time by the Secretary of the Treasury in interest-bearing securities of the Government.

The employee's contributions are fully protected for his individual benefit and in no case is there danger of forfeiture except by the failure of the employee or his legal representatives to claim the amount due. Should the employee leave the service before reaching retirement age he is

entitled to the return of his contributions with interest thereon at the rate of 4 per cent compounded annually; should he die without having reached retirement age or without having established a valid claim for annuity the contributions with interest become a part of his estate; and in case an annuitant dies before receiving in annuities an amount equal to his contributions with interest thereon, the difference may be paid to his legal representatives. Under normal conditions it is believed that separations from the service will number from 25,000 to 30,000 annually.

Administration of the law is vested in the Commissioner of Pensions under the direction of the Secretary of the Interior, to whom every claimant has the right of appeal in case of adverse action by the Commissioner of Pensions affecting his rights or interests. The Civil Service Commission participates in the administration of the law to the extent that they keep a service record of employees, and when called upon by the Commissioner of Pensions they certify the record for use in the adjudication of claims.

Provision is made for the selection of a Board of Actuaries whose duty it is to report annually upon the actual operations of the Act, and they have authority to recommend such changes in the law as "may be deemed necessary to protect the public interest and maintain the system on a sound financial basis." They are also required to make a valuation of the fund at stated intervals.

Proposed Changes in Retirement Legislation

By Senator Thomas Sterling, South Dakota

IT IS very gratifying to note the excellent condition of the civil service retirement fund after a little more than two and a half years of operation under the retirement act approved May 22, 1920 and effective from and after August 20th of that year.

At the time of the passage of the act it was somewhat roughly estimated that at the end of the first year after the act became effective the contributions of the employees in the classified service at the rate of $2\frac{1}{2}$ per cent of their annual compensation would show a surplus of from 10 to 12 millions of dollars after the payment of all annuities and of all refunds due employees who during the year had for any cause become separated from the service without having reached the retirement age. This surplus it was assumed would be gradually reduced and that after a period of ten or twelve years the government contributions to the fund would begin and gradually increase until such contributions would amount to one half of the whole amount required for the payment of annuities and refunds. The remaining one half would be met out of the contributions of the employees.

The retirement act was in the nature of an experiment. The feeling was that Congress should "go slow" in a matter which would ultimately involve a large and continuous government expenditure. This was shown in the annuities provided for. Caution was further shown in fixing the age at which various classes of employees should be retired.

The employees themselves were of one mind in agreeing to all the substantial features of the retirement bill when and as the same was introduced. They had agreed on \$720 as the maximum annuity to be paid, also upon the $2\frac{1}{2}$ per cent salary deduction in order to create the fund from which annuities should be paid. The higher paid employees made little complaint that notwithstanding their relatively greater contributions the annuities they would receive on retirement would on that account be no greater than that of the employee whose annual basic

salary for ten years before reaching retirement age was \$1200 only. The employees were thoroughly united in a desire to get a retirement system established and compromises and concessions were made among the different classes to that end.

The system appears to have worked admirably; to have been carefully and efficiently administered. And now comes the surprise. Instead of a fund amounting to ten or twelve million dollars out of which to pay the accumulating annuities of retired employees there is already a fund of \$27,000,000 with all annuities paid to date.

In view of these conditions the suggestion that annuities be increased should meet with ready response at the hands of the next Congress.

While employees should not expect an annuity such as would be a practical continuation of their salaries after retirement, they should receive on the basis of their present contributions a sum that will more nearly comport with the cost of living than do the annuities under the present law. The exact amount of the increases may well be the subject of further study but it is believed that the conditions warrant a very substantial increase.

The suggestion has been made that employees should have the option to retire at the end of thirty years of service without regard to age. But the objection to this is that it would permit of the retirement of a great body of employees at an age when they were rendering their best service to the government. It is very doubtful if such a proposition ever meets with the favor of Congress. But it would not seem unreasonable to fix an age of say, sixty or sixty-five years on reaching which the employee who has served thirty years may have the option to retire. It is likely that a change of this kind in the law may be considered in connection with an increase of annuities.

Meanwhile however and pending any further change in the retirement law let it be remembered that the employees, the government and the public all are the beneficiaries of the civil service retirement law and its successful administration as they now exist.

Cabinet Officers Suggest Changes in Civil Service System

Hon. James J. Davis

Secretary, U. S. Department of Labor

MY EFFORTS in trying to increase the efficiency of this department and in making it more quickly responsive to changed conditions and to new economic problems have driven me to the conclusion that the classified service embraces too large a per cent of all the personnel of the department. From present experience I am inclined to the opinion that as the responsibility and discretionary powers of a position increase there should be less of the classified service. To illustrate: I find that all assistants to heads of bureaus and chiefs of divisions are under the civil service. Many positions in importance equal to bureau chiefs and division heads are so covered, which makes it utterly impossible for the head of a department to readily impress upon the service his own ideas or to work effectively much desired reforms. It seems to me that when a position gets into the field of policy-determining matters that it should no longer be within the classified service but should be left open for

appointment of individuals in harmony with the policies of the responsible head. I have on my desk a number of letters from Members of the Senate and the House, complaining about the fact that they have observed no change in the conduct of certain activities in my department since there has been a change in administration. The simple fact is that I am powerless to enforce changes which I desire because I am powerless to put in charge of these places individuals in sympathy with such changed policies. I say this without any reflection upon those in charge of the offices. For years they have traveled a certain course, their minds have gotten into a certain routine, into a certain line of thought. They approach the questions from an angle as definitely established as the poles, that in spite of their desire to cooperate they find themselves unable to get out of the rut.—*Extracts from Letter to Congressman Will R. Wood, May 14, 1922.*

Hon. Harry M. Daugherty

Attorney General

IT is probably a gratuitous suggestion, but I believe the civil service is an interference to some extent in the discharge of public business. I suppose I have been voting in party platforms and local elections for the civil service proposition for a great many years. About one-half of the employees in the Department of Justice are under civil service. While I am Attorney General and while the civil service law is in the statutes I will enforce it and observe it, as I expect to enforce and observe all laws.

I believe if it were not for the civil service we could get along with less than two-thirds of the number of employees under civil service and probably get twice as much work out of them.

I suppose the Department of Justice has as good employees and as faithful who are under civil service as those who are under the civil service in any other department, but they are not as anxious generally to be in place to

commence work on the dot as they are to quit work before the dot.

I do not speak for the administration, but I am giving the benefit of my observation and judgment, and I am thoroughly convinced that the civil service is a hindrance to the government. I would rather take the recommendations of a political committee, either Democratic or Republican, a self-respecting committee, for the appointment of a man or woman than be compelled to go through the requirement of the civil service to secure an employee. They are hardly as ambitious, hardly as energetic under the civil service as are those not under the civil service.

I discovered, both before I came here as Attorney General and since, that civil service employees spend too much time in trying to work out plans to make themselves secure in their positions. While this situation cannot be remedied at the present time, still it is worthy of careful study.—*Extracts from Testimony before the House Appropriation Committee on March 6, 1922.*

Hon. Hubert Work

Secretary, U. S. Department of the Interior

THE time has come for the abandonment of the present method of appointing postmasters and for the adoption of a new system, so that the highest-class business men can be secured for these positions.

The present plan, by which the Civil Service Commission selects three names for a postmaster appointed by the President, entirely ignores the practical business principle of expert and intelligent selection. I earnestly recommend that the Postoffice Department alone be charged with the responsibility of recommending its postmasters for nomination by the President. The proposed change in the appointive method of postmasters would enable the Department to give genuine practical effect to the basic Civil Service theory by making possible the selection of qualified business men.

After two years' experience in connection with the appointment of Presidential postmasters, I am convinced

that the procedure and policy is not only impractical in form, but unbusinesslike in principle. I can only say this now without charge of being influenced by official or partizan considerations, for the great bulk of the Presidential appointments has already been made.

It would be essential in the practical business administration of the postal service, to relieve the Civil Service Commission on the one hand and the political party leaders on the other from their obligation and participation in connection with the appointments of postmasters. The Postoffice Department ought to be aided in putting the right man in the right place, and not be handicapped either by political considerations or by the restrictions entailed in the present plan requiring examination by the Civil Service Commission, which does not even give Civil Service status.—*Letter to President Harding written shortly before retirement as Postmaster General.*

Recommendations for Further Reform in Civil Service System

ONE of the results of the world's war was to clearly demonstrate the incompleteness of the Civil Service Laws as a system and the inadequacy of them as a protection to the individual employee. No one is desirous of returning to the so-called "spoils system" under which the individual employee owed his allegiance to his immediate political chieftain rather than to the government, much in the same way as the retainers of the feudal barons owed their allegiance to the baron rather than to the reigning monarch in whose army they were. On the other hand, no thinking person wishes to adopt a system of Civil Service employment whose tenure of office will be for life and will not be subject to the approval or disapproval of the will of the electorate of the American people.

It is one of the principles of the republic, and especially of this republic of ours, that the people retain the right to terminate the terms of office of any of its servants, great or small.

The true friends of Civil Service reforms are torn between the desire of continuing the faithful individual employee in the service of the government during good behavior and at the same time reconciling that with the underlying principle of Americanism which is that "the mandates of the American people as expressed at the polls shall be scrupulously carried out." So, if the American people voted for a change in the executive (or administrative for these two terms are synonymous) branch of the government, it is a difficult question to obey that mandate and at the same time protect the individual employee. Under the law as it is today, it is impossible to do both.

The present Civil Service law is deficient in many particulars, and again to use a military comparison, it substitutes a disorganized mob for the feudal retainers. The appointment to office is not carefully guarded nor is it properly apportioned among the people so that the Civil Service employees honestly reflect the whole body of the American people. It is true that the merit system in appointment has been substituted for political favoritism.

The last Congress passed what was called the Reclassification Bill which was to do for the vast army of civil employees what the military law does for the Army and Navy, namely, the establishment by law of grades corresponding to the ranks of private, corporal, etc. When this classification is finished it is the intention to have a perfect army of Civil Service employees with the number and pay of each grade established by law. This is, however, as far as the law has gone. There are no laws governing promotions, transfers, demotions, trials for neglect of duty, etc., such as are included in the laws governing the Army and Navy. In fact, today after a person has passed his examination and entered the Civil Service his promotion and assignment to duty rests upon favoritism and departmental politics far worse in effect than the partisan politics which was exercised under the old spoils system.

Another evil is that the incoming administration is handicapped in securing Civil Service employees to fill the higher administrative offices who will be in sympathy with and loyal to the new administration which has just been chosen by the people.

There is a way, however, whereby the whole question may be put upon an American basis of ready response to the mandate of the American people as expressed by ballot and at the same time protect the individual Civil Service employees in the enjoyment of their positions and salaries. This is by adapting the laws applicable to the appointment of men into

the Army and Navy as officers together with a similar code effecting the promotions, duties and privileges.

First: Appointments in the Civil Service should only be made to the lowest grade of the classified service in the different branches. These positions should be apportioned among the Congressional districts in much the same way that appointments to West Point and Annapolis are now made by law. Persons desiring to take the examination should receive an appointment or nomination to take such an examination just exactly as West Point or Annapolis cadets are nominated. After the nomination is made then the examination should take place and the party successfully passing the examination should receive the appointment. The effect of this system of entrance into the Civil Service would be twofold. First, the whole body of the American people would be represented in the Civil Service of the government, and, second, the people of the locality would be carefully watching those coming from their particular district so that should a vacancy occur in their quota others would be ready to seek the appointment. Experience has taught that the home district from whence Army and Navy officers were appointed closely watch the career of those officers.

Second: The law shall provide a definite system of promotion from one grade to another in the Civil Service army, such promotion to be had only upon passing a successful examination. In this way the favoritism through which promotions are now handed out would be done away with.

Third: There should be a code similar to the articles of war by which employees under charges of inefficiency or misbehavior could be tried before dismissal. Under the law today a Civil Service employee has no right to a trial unless the charges are either political or religious in character. Innumerable numbers of employees have been dismissed as a result of charges preferred against them without being confronted with their accusers or witnesses and without being shown the testimony and evidence filed against them. In many cases they have been given no opportunity to defend themselves. Upon appealing to the Civil Service Commission they have been told that they are not entitled to a trial on the merits of the charges unless the dismissing officer grants such trial. At the present time there is absolutely no way in which an individual employee can have even what in the Army would be called a "summary court martial."

Fourth: Now comes by far the most important proposed change in the present Civil Service law, a change which will reconcile the present life tenure of office of the Civil Service employee with the rotation in office necessitated by the changes resulting from regular election. Here again we borrow the idea from that employed in the Army and Navy. In the olden times when an Army or Navy officer was detailed to a given command he remained in that one position until he was taken out of it by promotion, retirement or death. Political favoritism grew up. Army and Navy cliques were formed and men stayed in one position so long that administrative scandals were common. Now no officer holds his assignment longer than four years. It is impossible to build up a corrupt clique in that short a space of time. In this way there is a limited tenure of office although the individual remains in the service of the government for an indefinite period without loss of either the position or emolument appertaining to the grade which he holds. This same system could be applied to the Civil Service. For instance, a man holds the grade of Chief Clerk yet he could be assigned to a particular clerkship for only four years. In this way an incoming administration could choose men in sympathy

(Continued on page 212)

Congress Provides New Classification for Civil Service Employees

Legislative History of Reclassification

1917, March 3.—The Bureau of Efficiency was directed to ascertain and report to Congress at the next regular session the rates of pay in various state and municipal governments and to compare them with, the corresponding rates in the Federal Service and to investigate the classification and efficiency of the employees in the District of Columbia and to report fully or partially by January 1, 1918, as to needed equalization or reclassification. Reports submitted by the Bureau of Efficiency pursuant to this requirement served the Committee on Appropriations during the period of the war, and immediately following, as the basis of appropriations for increased compensation (bonus).

1919, March 1.—Congress established the Joint Commission on Reclassification of Salaries to investigate the rates of compensation paid to civilian employees by the municipal government and the various government establishments in the District of Columbia and report what reclassification and readjustment of compensation should be made so as to provide uniform and equitable pay for the same character of employment.

1920, March 12.—The Reclassification Commission submitted to Congress a detailed report including an account of findings, the report in bill form, the method followed in the work of the Commission, the proposed classification of positions and the schedules of compensation for the classes of positions found by the Commission, over 1700 in number. The report was referred to the Senate Committee on Appropriations and to the House Committee on Civil Service.

1920, December.—Mr. Lehlbach, Chairman of the House Committee on Reform in the Civil Service, introduced the first Lehlbach Bill based on the classification submitted by the Congressional Commission with certain eliminations. This bill made the Bureau of the Budget the chief administrative agency but left the initial allocation to department heads.

1921, April 12.—Senator Sterling introduced S. 13, 67th Congress, first session, and asked that it be referred to the Committee on Civil Service. This bill was based on the first Lehlbach bill and the report of the Commission. Each service and grade was defined and a salary scale attached providing maximum, minimum, and intermediate rates of pay. The work of defining within grades of such individual classes as might prove necessary was left to the classifying agency. This bill made the Civil Service Commission the classifying agency.

1921, April 18.—Senator Smoot introduced S. 1079 and almost simultaneously Mr. Wood introduced H. R. 2821, identical bills, based on the classification made by the Bureau of Efficiency. These bills established compensation schedules with general descriptions of the duties of the positions to be classified under them and made the Bureau of Efficiency the President's aide for the administration of the classification.

1921, April 25.—The Senate adopted the following resolution: "That the bills introduced by the Senator from South Dakota (Mr. Sterling) and the Senator from Utah (Mr. Smoot) relating to the classification and compensation of civil employees of the Government be referred to the Committee on Civil Service for consideration and report to the Senate thereon; and that after such report such bills be then referred to the Committee on Appropriations for consideration and report on the matter of salaries provided for in such bills, and that when so reported by both committees the bills shall come before the Senate upon the recommendations of both committees as to salaries."

1921, May 17 to June 16.—The Committees on Civil Service of the two houses held joint hearings on reclassification of salaries.

1921, May 18.—Mr. Lehlbach introduced a second bill (H. R. 6298) differing in many important administrative respects from S. 13, the Sterling bill, but following the same general principle of congressional control through a salary schedule with defined services and grades. It made the Bureau of the Budget the principal administrative agency but left the initial allocation to department heads.

1921, October 24.—In pursuance of the authority contained in the legislative, executive, and judicial appropriation act for the fiscal year ending June 30, 1913 (37 Stat. 413) and a subsequent provision in the urgent deficiency act approved February 28, 1916 (39 Stat. 16), the President issued an executive order directing the Bureau of Efficiency to prescribe a uniform system of ratings for all departments and requiring the heads of departments to put the system into effect. Section 2 of this order provided: "In order to permit the determination of satisfactory standards for rating purposes, the employees in each branch of the service shall be classified according to the character of the work performed." Under this order the heads of all departments proceeded with a classification of their employees, the Bureau of Efficiency acting as a coordinating agency.

1921, October 31.—Mr. Lehlbach introduced H. R. 8928. It had the same general plans of services and grades that characterized S. 13, the Sterling bill and H. R. 6298, the second Lehlbach bill. It made the Bureau of the Budget the principal administrative agency but left the initial allocations to department heads.

1921, December 15.—The bill passed the House after determined opposition and with several amendments and reduced salary schedules.

1922, February 6.—H. R. 8928 was reported from the Senate Committee on Civil Service with amendments and was referred to the Senate Committee on Appropriations. The chief amendments were to make the Civil Service Commission the classifying agency, and to restore the salary rates for the professional and scientific service.

1923, February 24.—A compromise bill was reported out. It omitted certain services, adopted the schedule of grades and rates carried in the Wood-Smoot bill, with minor changes, to permit of the utilization of the work already done by the Bureau of Efficiency under the executive order of October 24, 1921. The administrative agency agreed to in the compromise was an ex officio board, the Personnel Classification Board. The reclassification was to be effective July 1, 1923 for the District of Columbia and it provided for fixing wages for the skilled and labor services.

1923, March 2.—The compromise bill passed the Senate with amendments eliminating the skilled trades and labor services from the provisions of the act.

1923, March 3.—Conferees of the two Houses met. Changes were made in the provisions regarding efficiency ratings whereby it became the duty of the Board to review the rating systems already established or to be established and the Board was given definite power to revise them if it deems such action necessary. The provision making the bill effective July 1, 1923 was altered so that it will not become effective until July 1, 1924. In the evening of March 3, the conference report was accepted by the two Houses.

1923, March 4.—The President signed the bill.

Provisions of New Classification Act

H. R. 8928—Public Law No. 503. Approved March 14, 1923

SCOPE

Applies to all civilian positions in any department or executive branch of the United States government except positions in the Postal Service, teachers and other employees under the Board of Education, the police and fire departments of the District of Columbia, the commissioned personnel of the Coast Guard, Public Health Service and Coast and Geodetic Survey, and skilled trades and labor except as noted below in second paragraph under Compensation Schedules.

PERSONNEL CLASSIFICATION BOARD

Establishes an official Personnel Classification Board to consist of the Director of the Bureau of the Budget or alternate, member of the Civil Service Commission or alternate, Chief of the U. S. Bureau of Efficiency or alternate, the Director of the Bureau of the Budget or his alternate to be chairman. [The Board therefore consists of Brigadier-General H. M. Lord, Director of the Budget, who has named Judge W. W. Warwick, former Comptroller of the Treasury, as his alternate; George R. Wales, member of the Civil Service Commission, with Guy Moffett as his alternate; Herbert D. Brown, Chief of the U. S. Bureau of Efficiency, with Harold N. Graves as his alternate.]

FIELD SERVICE SURVEY

Includes compensation schedules for positions in the District of Columbia and provides that the field service shall be surveyed by the Classifying Board, report to be made to Congress upon said survey at the next session.

DUTIES OF PERSONNEL CLASSIFICATION BOARD

The Personnel Classification Board is required to provide for ascertaining and recording the duties of positions and the qualifications required of incumbents, and it shall prepare and publish an adequate statement giving (1) the duties and responsibilities involved in the classes to be established within the several grades, illustrated where necessary by examples of typical tasks, (2) the minimum qualifications required for the satisfactory performance of such duties and tasks, and (3) the titles given to said classes. The board may from time to time designate additional classes within the several grades and may combine, divide, alter, or abolish existing classes.

COMPENSATION SCHEDULES

Compensation schedules effective July 1, 1924. All statutory salaries abolished thereafter.

Compensation schedules for positions in the District of Columbia cover the professional and scientific service, the sub-professional service, the clerical, administrative and fiscal service, the custodial service, the clerical-mechanical service, and such skilled trades and labor as are under the direction and control of the custodian of a public building or perform work which is subordinate, incidental, or preparatory to work of a professional, scientific or technical character.

ALLOCATION OF EMPLOYEES

Employees shall be allocated to their appropriate grade and salary rate by the heads of respective departments after consultation with the Personnel Classification Board and in accordance with a uniform procedure prescribed by the Board. Such allocations shall be reviewed and may be revised by the Board and shall be final upon the Board's approval.

EFFICIENCY RATINGS

Increase in compensation to the next higher rate within the grade is allowed upon attainment and maintenance of appropriate efficiency ratings. Intervals of advancement not restricted.

Efficiency rating systems already established or to be established shall be reviewed and may be revised by the Board.

Efficiency records shall be accessible to the employees under conditions to be determined by the Board.

RIGHT OF APPEAL

Employees may appeal to Board in respect to allocations or efficiency ratings.

COMPENSATION

Rules for determining compensation to be established initially:

1. Existing compensation of employees to be computed including bonus.
2. If existing salary is lower than the compensation scheduled, increase to be made to the minimum for the appropriate grade.
3. If existing salary is within the range of the new schedules at one of the rates fixed therein, no change to be made.
4. If existing salary is within the range but not at a rate specified in the new schedule, increase shall be made to the next higher rate.
5. If the employee is not a veteran of the Civil War or the widow of such veteran and is receiving pay in excess of the range of the schedule, compensation shall be reduced to nearest rate.
6. All new appointments to be made at the minimum for the grade or class thereof.

TRANSFERS

Interdepartmental transfers at increased pay no longer prohibited.

FUTURE WORK OF PERSONNEL CLASSIFICATION BOARD

The Board as a permanent agency is required to study compensation rates and from time to time to report to Congress with a view to reasonable adjustment.

PROFESSIONAL AND SCIENTIFIC SERVICE

The professional and scientific service includes all classes of positions the duties of which are to perform routine, advisory, administrative, or research work which is based upon the established principles of a profession or science, and which requires professional, scientific, or technical training equivalent to that represented by graduation from a college or university of recognized standing.

Grade 1, \$1,860 to \$2,400	Grade 5, \$5,200 to \$6,000 unless a higher rate is specifically authorized by law.
Grade 2, \$2,400 to \$3,000	Grade 6, \$6,000 to \$7,500 unless a higher rate is specifically authorized by law.
Grade 3, \$3,000 to \$3,600	Grade 7, \$7,500 unless a higher rate is specifically authorized by law.
Grade 4, \$3,800 to \$5,000 unless a higher rate is specifically authorized by law.	

SUBPROFESSIONAL SERVICE

The subprofessional service includes all classes of positions the duties of which are to perform work which is incident, subordinate, or preparatory to the work required of employees holding positions in the professional and scientific service, and which requires or involves professional, scientific, or technical training of any degree inferior to that represented by graduation from a college or university of recognized standing.

Grade 1, \$900 to \$1,260	Grade 5, \$1,680 to \$2,040
Grade 2, \$1,140 to \$1,500	Grade 6, \$1,860 to \$2,400
Grade 3, \$1,320 to \$1,680	Grade 7, \$2,100 to \$2,700
Grade 4, \$1,500 to \$1,860	Grade 8, \$2,400 to \$3,000

CLERICAL, ADMINISTRATIVE, AND FISCAL SERVICE

The clerical, administrative, and fiscal service includes all classes of positions the duties of which are to perform clerical, administrative, or accounting work or any other work commonly associated with office, business, or fiscal administration.

Grade 1, \$1,140 to \$1,500	Grade 11, \$3,800 to \$5,000, unless a higher rate is specifically authorized by law.
Grade 2, \$1,320 to \$1,680	Grade 12, \$5,200 to \$6,000, unless a higher rate is specifically authorized by law.
Grade 3, \$1,500 to \$1,860	Grade 13, \$6,000 to \$7,500, unless a higher rate is specifically authorized by law.
Grade 4, \$1,680 to \$2,040	Grade 14, \$7,500, unless a higher rate is specifically authorized by law.
Grade 5, \$1,860 to \$2,400	
Grade 6, \$2,100 to \$2,700	
Grade 7, \$2,400 to \$3,000	
Grade 8, \$2,700 to \$3,300	
Grade 9, \$3,000 to \$3,600	
Grade 10, \$3,300 to \$3,900	

CUSTODIAL SERVICE

The custodial service includes all classes of positions the duties of which are to supervise or to perform manual work involved in the custody, maintenance and protection of public buildings, premises, and equipment, the transportation of public officers, employees, or property, and the transmission of official papers.

Grade 1, \$600, to \$780. (Junior Messenger.)	*Grade 3, \$900; \$960 to \$1260.
*Grade 2, \$780, \$840 to \$1140;	Grade 4, \$1140 to \$1500.
Provided, That charwomen working part time be paid at the rate of 40 cents an hour and head charwomen at the rate of 45 cents an hour.	Grade 5, \$1320 to \$1680.
	Grade 6, \$1500 to \$1860.
	Grade 7, \$1680 to \$2040.
	Grade 8, \$1860 to \$2400.
	Grade 9, \$2100 to \$2700.
	Grade 10, \$2400 to \$3,000.

*NOTE.—By clerical error in the enrolling of this bill, the two lower rates in grades 2 and 3, which were eliminated by the Senate and the Conference, are carried in the Act as printed. Correction will be made by concurrent resolution of Congress before the rates become effective.

CLERICAL-MECHANICAL SERVICE

Clerical-mechanical service includes all classes of positions which are not in a recognized trade or craft and which are located in the Government Printing Office, the Bureau of Engraving and Printing and the Mail Equipment Shop, the duties of which are to perform or to direct manual or machine operations requiring special skill or experience, or to perform or direct the counting, examining, sorting or other verification of the product of manual or machine operations.

Grade 1, 45 to 50 cents an hour.	Grade 4, 80 to 90 cents an hour.
Grade 2, 55 to 60 cents an hour.	Grade 5, \$3,000 to \$3600 a year
Grade 3, 65 to 70 cents an hour.	

Changes Introduced by Reclassification

By Lewis Meriam

Institute for Government Research

Old Way

Pay in Relation to Duties and Responsibilities

PRIOR to the passage of the Classification Act of 1923 the Federal government had no definite system for determining that the wages it was paying were fair alike to the employee and to the taxpayer. Under the so called "lump sum" appropriations, the matters of determining the number of positions, the salaries of the positions and the rates of pay for each class of work were left to the appointing officers sometimes subject to very general restrictions regarding the maximum salary or the number of positions with salaries above certain specified rates. Under the so called "statutory appropriations," Congress fixed the number of positions and the salary for each position, but left to the appointing officer the question of the duties, responsibilities, and qualifications which would be attached to a particular position. The rates of pay for given classes of work were thus always determined by the appointing officers, subject to the restriction that under a statutory appropriation they could have only such number of positions and such salaries as Congress had authorized and under "a lump sum" appropriation they could not exceed the limits of the appropriation. Subject to these restrictions, rates of pay for given kinds of work were always determined by the appointing officers.

Uniformity of Pay Across Departmental Lines

No device was adopted to bring about uniformity among the appointing officers in fixing the rates of pay for given types of work, and as a result great inequalities resulted. In one bureau \$1200 positions were used for high grade stenographers and statistical clerks whereas in another, such positions were used for the most routine typists and clerks. Employees doing the same kind of work were paid at widely different rates in different bureaus and departments. Where Congress had rigidly controlled the number of positions and the salaries without relation to the duties, employees doing the same work in the same office were often paid widely varying salaries, and sometimes the more efficient employee was paid the lower salary.

Entrance Salaries

No standard salaries were established for new entrants appointed from the various Civil Service eligible registers. The candidate who was most successful in the examination and passed brilliantly might be appointed at a lower salary than was subsequently paid to a mediocre candidate farther down the list. Bargaining was inevitable, and a candidate with knowledge of the game and some influence had a marked advantage, although complying with all the civil service regulations.

Restrictions on Transfers

Employees appointed to low paying offices naturally sought transfers to the higher paying ones, and the officers of the low paying organizations who lost their more enterprising recruits asked Congress for relief. The situation was met for the departments at Washington by prohibiting transfers until the new employee had served three years and later by an additional provision prohibiting transfers at an increase of pay if the payment was made from a lump sum appropriation.

New Way

Pay in Relation to Duties and Responsibilities

IN THE Classification Act of 1923 Congress provides in effect that the salaries and wages paid shall be based on the duties and responsibilities of the position, the qualifications required for the position, and the efficiency of the incumbent. The level of salaries to be paid for the different kinds of work is fairly definitely fixed by Congress in the Act through a salary schedule. The schedule at present applies only to the positions in the District of Columbia and even excepts some of them, notably the skilled workers in recognized trades and crafts. The schedule recognizes and defines five broad divisions of positions which it terms services. They are the professional and scientific, the sub-professional, the clerical, administrative and fiscal, the custodial, and the clerical-mechanical. Each of these services is divided into grades on the basis of the difficulty and responsibility of the work, the degree of supervision required or exercised, and the qualifications required and each grade is defined with what may be said to be a reasonable degree of definiteness. For each grade, salary rates are provided. Through this schedule Congress will fix and control salaries on the basis of the duties and responsibilities of the position.

Uniformity of Pay Across Departmental Lines

Uniformity in the interpretation and application of the salary schedules the Act seeks to secure through the creation of the Personnel Classification Board. This Board is to prescribe a uniform procedure which is to be followed by heads of departments in the initial allocation of positions, and the initial allocations made by department heads are to be reviewed and may be revised by the Board. The Act requires that the regulations prescribed by the Board shall provide for ascertaining and recording the duties of positions and the qualifications required of incumbents and the Board is required to prepare and publish an adequate statement descriptive of the duties, responsibilities, and qualifications of the classes of positions it establishes under the service grades.

Entrance Salaries

New appointments under the Act are to be made uniformly at the minimum rate for the grade or class thereof to which the position has been allocated. Henceforth the government has a standard entrance rate for a given class of work alike for all, and there will be an end to bargaining and jockeying for entrance at a high salary or for getting ahead of persons higher on the register by offering to accept a very low salary in the expectation that in a relatively short time it will be advanced.

Restrictions on Transfers

Providing for uniform entrance salaries and for equal pay for equal work in all departments removes the reason for the former restrictions against transfer. Henceforth under the new Act an employee may be transferred from a department to another in accordance with the needs of the service or in accordance with his own interests if they are in harmony with those of the department heads involved, regardless of salary or length of service.

*Old Way—cont'd***Reward for Efficiency**

No uniform policy was adopted for rewarding the efficient. No distinction was made between an increase in salary because of improved performance of unchanged duties and a promotion to new, more difficult, more responsible duties. Under a statutory appropriation successful employees could not be rewarded for their efficiency until a vacancy occurred. When they were given new duties with greater responsibilities, they could not be paid a higher salary until a vacancy became available, and the common saying was "Few die and none resign." Under a "lump sum" appropriation rewarding efficiency and recognizing promotion to a higher class of duties were matters within the discretion of the responsible administrative officer. Some bureaus or offices were niggardly, some fair, and some extravagant; and the policy of an office might change radically with a change in the department head.

Adjustment of Salaries to Economic Conditions

No systematic device was adopted to adjust the general level of salaries to meet changes in general economic conditions. The tendency was to fix the salaries for a bureau or office at a level that seemed appropriate at the time the bureau or office was established or radically enlarged or reorganized, and then year after year to continue the salaries at the level thus first set, despite changes in general economic conditions that affected the supply and demand for the kind of workers required in that bureau or office and the cost of living.

Purchasing the Qualifications Required

The administrative officers finding the rate of pay fixed while the market price of services had materially advanced, were obliged to follow the only available course and to purchase the best services the money appropriated would buy. After the radical economic changes brought by the war the older bureaus were in some instances unable to hire properly qualified employees. Their difficulties were greatest in filling responsible positions requiring technical and scientific or professional qualifications and administrative ability. They could not compete against the newer government agencies, established while the changes in economic conditions were taking place; much less could they compete against private enterprise. The older government establishments were thus obliged to fill vacancies in responsible positions on the basis of the best the money would buy and not on the sound economic basis of getting an employee who had the requisite qualifications and paying the fair market rate.

Control Through Availability of Facts

Under the old system there was no way of getting comprehensive statistics giving the facts. The Congressional committees could not get a complete survey of the situation. They were dependent on the statements of administrative officers, and such statements they were inclined to discount as biased. The statements were necessarily fragmentary, disconnected, and colored by the administrator's personal views regarding matters of employment policy. They were often given off hand in answer to a question at a hearing without opportunity for

*New Way—cont'd***Reward for Efficiency**

Systematic reward for efficiency in all probability will come from the Act if well administered. For each grade several rates of pay are set up, and the exact rate within the grade is ultimately to depend on the efficiency of the employee, provided Congress appropriates the money that will permit of paying the higher rates that may be justified by the efficiency of the employees. The Act wisely does not attempt to commit Congress to the acceptance of any efficiency reports or any rating system. It provides for efficiency ratings but it leaves open the system to be used and the extent to which it will be accepted by Congress in making appropriations. The Board is required to review and may revise the system of efficiency rating that was installed under the executive order of October 24, 1921, or any other that may be installed and department heads are required to follow the approved system; but payments under them are subject to the general control of Congress over appropriations.

Promotion to higher duties and greater responsibilities under the Act will automatically carry the employee into a higher class; and then he must be paid at one of the rates for the class to which he is promoted, provided money has been appropriated from which the salary may be paid.

Adjustment of Salaries to Economic Conditions

The salary schedule in the new act is sufficiently short and simple to permit of its revision from time to time to meet changes in economic conditions. If experience should demonstrate that certain salary levels are too low to attract or retain employees with the required qualifications, it will be a simple matter to correct the situation by changing the rates for the grade and service involved, whereas formerly this work could only have been done by dealing with the individual positions. The Board is required by the Act to study the rates provided under it and from time to time report its conclusions to Congress with any recommendations it may deem advisable.

Purchasing the Qualifications Required

From the standpoint of the taxpayer the provision for the establishment and the publication of the qualifications necessary for entrance into the several classes to be established within the grades is perhaps the most promising feature of the Act. The public can well afford to pay salaries fairly high on a comparative basis, if it can be assured that it is getting employees of the quality for which it is paying. Most administrators in the past have done the best they could with the money available. Shortcomings have perhaps generally been due to lack of funds, but some have been due to weaknesses on the part of the administrator, such as ignorance of exactly what the position required or subservience to improper influences. The establishment of qualifications and their enforcement by the Personnel Classification Board and the Civil Service Commission will aid the good administrators in getting the type of employee necessary for the work and in resisting pressure for the appointment of persons not properly qualified. It will help protect the public against the poor administrator who left to himself would make poor selections wherever he is free under the Civil Service law and regulations.

Control Through Availability of Facts

Getting the whole situation out into the light where all interested parties can get definite information as to what

(Continued on page 214)

The Personnel Classification Board

Members

Judge W. W. Warwick, Alternate for the Director of the Bureau of the Budget
 Guy Moffett, Alternate for Member of Civil Service Commission
 Harold N. Graves, Alternate for the Chief of the Bureau of Efficiency

Powers and Duties of the Personnel Board

By Judge W. W. Warwick

Chairman, Personnel Classification Board

FOR many years it has been charged that the Government had no system of fixing the compensation of its officers and employees. Through the years the Government executive establishment has continued to grow until at close of the World War the force at the seat of Government numbered more than 100,000, and outside of Washington 500,000 or more. Many old offices had fixed rates of pay for each and every employee from the head of the bureau to the messenger boy. These annual appropriation rates were not changed materially from year to year.

About six years ago, on account of the increase in living costs, Congress provided additional compensation or what is commonly called a bonus. After a few years it was established at \$240 a year for employees receiving \$2,500 or less. This furnished an increase of pay ranging from a little less than ten per cent to sixty per cent. For various reasons many employees were not included in the law granting this bonus. Postal employees had been classified by Act of Congress and did not receive it; neither did those employees whose pay was fixed by wage boards, it being considered that their pay was adjusted to that of similar employment in their locality. This grant by Congress was not in any sense a bonus and was not so described. It was additional compensation given, no doubt, in lieu of a revision by law of rates of pay to conform to the changed condition brought about by the war.

The inequalities which no doubt existed from the beginning of the Government in the pay of persons in the several executive departments and establishments have been the subject of discussion in Congress and elsewhere on many occasions. They could not be avoided under the lack of system in classification. The necessity for getting rid of these undesirable conditions and of establishing a permanent system providing substantially the same pay for all work similar in duties and responsibilities and demanding the same requirements as to education, experience, etc., has been recognized by Congress for many years. Through the report of the Congressional Joint Commission on the Reclassification of Salaries, a commission created by law, Congress had presented to it a plan of classification for the employees at the seat of Government. Several bills were introduced, and since that report was made three years ago the subject had been before Congress. Finally "The Classification Act of 1923" was approved March 4, 1923.

This law provides for a Personnel Classification Board, consisting of three members—one from the Bureau of the Budget, one from the Civil Service Commission, and one from the Bureau of Efficiency. The law designates this as an "ex officio board." On March 5, a meeting of the heads of these bureaus was held and the representatives of each was designated to serve as a member of the Board. The advantage of an ex officio board which Congress probably had in mind is that a new bureau or organization is not created, but the members of the Board have other permanent work and naturally are not anxious that the duties connected with the ex officio board shall be prolonged.

While in the law there are established certain services and grades with rates of compensation fixed for each grade and a brief description as to the classes of positions which are included in each grade, it may be said generally that the law places upon the Personnel Classification Board and upon the several departments and establishments the duty of establishing uniform and adequate rates of pay for each position (defined in the law as a specific civilian office or employment), excepting those in the Postal Service and certain positions in the municipal government of the District of Columbia.

It is not known how many positions are included within the scope of the work assigned to the Personnel Classification Board, but it may be roughly estimated that the number exceeds 200,000. By section 5 of the Act the Board is required to make a survey of the field services and to report to Congress at its session beginning in December next schedules of positions, grades, and salaries for such services. The report is to include a list prepared by the head of each department, after consultation with the Board and in accordance with a uniform procedure prescribed by it, allocating all field positions in his department to their appropriate grades in the schedules and fixing the proposed rate of compensation of each employee. While the term "field service" is not defined in the law, it is understood to be those branches of the public service having stations away from the seat of Government.

It will be noticed that the survey to be made by the Board does not exclude anyone in a field service. It evidently is required that the survey include the Diplomatic and Consular Services, from ambassadors down, and include in the Customs Service, the Internal Revenue Service, and all other branches, those officers appointed by the President after confirmation by the Senate as well as employees holding the smallest positions. The magnitude of the task and the difficulties to be met and overcome within the short period of about eight months indicate clearly that no completion of all the work assigned to the Personnel Classification Board was expected by December. Many duties can be performed after the report has been made to Congress, for as to the personnel at the seat of Government it is clearly stated that the new rates of pay will not become effective until July 1, 1924, and as to the personnel in the field services the Board's report must first be adopted by Congress, with such modifications as may be deemed necessary. Congress must legislate in some form to establish a classification and make the necessary appropriations before the new rates of pay can become effective. It is expected that Congress will act in time to make them effective July 1, 1924, and thus the \$240 a year additional compensation will not be required for the following fiscal year.

It is said that in the public service at Washington or in the field there is almost every class of work that is found in any private establishment. The activities of the Government in research work, in promotion of agriculture and commerce, in the regulation of business and of transportation and many other lines of useful work, make the need

for personal services in professional, scientific, and technical work, as varied as the professions and sciences.

While it is made the duty of the heads of departments and establishments to allocate all employees to their proper grades and recommend rates of compensation, the power of review and revision given to the Personnel Classification Board is broad. Congress made no appropriation for the work of the Board, leaving it to secure its helpers by detail from the several departments. It would seem clear that Congress recognized the fact that the Board could accomplish nothing more than planning, supervising, and reviewing the work of others. It seems to have had a purpose to make use of the ability, and experience, of a great number of Government people. Whether or not this was the purpose of Congress, it is evident that the Board could do but a fraction of the work placed upon it unless it had the fullest cooperation of many hundreds of the most efficient and best informed people in the various lines of work the Government is doing.

The first problem confronting the Board is, therefore, so planning its work that it may use to the greatest advantage all the experience in each line that exists in the service, and using it at the right time and in the right manner, to the end that its report to Congress next December may contain a definite plan accompanied by a full statement of the facts. Thus Congress will be in a position by legislation to establish the principles upon which classification shall rest and define the limitations upon the powers of a more permanent organization to be created and charged with the duty of putting into effect the principles so established. As the future law may direct, employees will be allocated to their appropriate grades and rates of compensation commensurate with the duties performed, thus equalizing throughout the Government service rates of pay for work of similar character and requiring similar ability and experience. In other words, it is safe to say that after Congress has legislated, the greater task of putting the system into effect will be undertaken, it is hardly to be expected that all of the inequalities will be eliminated for several years. A classification scheme must of course be one that grows, one to be changed to fit new conditions, and is built up, remodeled, and revised from day to day in accordance with fixed principles and limitations prescribed by law.

In beginning its work the Personnel Classification Board recognized that the most urgent task confronting it was the survey of the field services. It is not so difficult, nor does it take a long time, to secure accurate information regarding the personnel at the seat of Government, but when it is remembered that the field services extend, through some representatives, into every civilized country in the world, the task of securing the first definite information as a foundation on which to work requires many months. The Board has prepared a questionnaire contain-

ing twenty-five items which has been sent, through the several departments, to all field offices and stations. As to each employee it is intended to find out not only what particular branch of the service he is serving, but the exact location of his headquarters, his official title, his customary office title, his rate of pay, hours of work, whether he has any perquisites in the way of quarters, subsistence, etc., or himself has obligations to furnish facilities or equipment, such as transportation, uniforms, etc., and whether he holds any other position with the Government or with any State or local government. It is intended that the employee's schooling shall be indicated and that his duties shall be accurately described with particular reference to whether he works under direction or supervision or has the supervision and direction of others and, if so, how many and what classes of employees. The questionnaire contemplates that it shall be filled out by the employee's immediate superior, so far as practicable. Then it shall be submitted to the employee, who will agree to it or note his exceptions if he does not think it an accurate description. The blank then provides for the head of the field office or station to indicate what education and experience is essential or desirable in the case of a new employee being engaged for the position held by the employee named on the questionnaire, with customary questions as to the requirements concerning judgment, speed, trustworthiness, etc., and whether experience is required and, if so, the kind and extent and the technical education, if any, required.

The Board has not yet formulated its entire program of work, but is engaged upon that at the present time. It is vital to success that it determine at an early date the work that must be done before its report in December, and those classes of work that can be done later.

The Board recognizes the interest of the public in the work of classification, for the public are served by the Government employees. It can be safely said that the employees very naturally are interested, and have a right to be, in securing properly adjusted pay for their labor. It must be understood that the benefit to them is not in immediate increase of pay—that may not result. The certainty of the opportunity of advancement by study and hard work to higher positions is a distinct benefit. The improvement in the public service expected from classification will be a benefit to the people of the whole country in making more economical and efficient their public service and thus procuring the best service possible to be obtained for the money contributed in the form of taxes. The people of the country favor for Government employees the same treatment they expect for themselves in their own lines of endeavor, and when a proper system has been worked out and put into operation by law there will be established a higher standard of employment and a model, it may be, for some other employer.

Reclassification and the Budget

By W. F. Willoughby

Director, Institute for Government Research

IN no small degree the perfecting of the budget system is dependent upon the accomplishment of three major reforms in other branches of national administration; the regrouping of the administrative services departmentally, so that the figures for all services whose activities fall in the same general field and which should have close working relations with each other will appear in close cooperation with each other in the budget statements and appropriation acts; the reform of the system of accounting and reporting, so that financial data needed for budgetary and general control purposes will be automatically produced and rendered available; and the reclassification of personnel, so that a uniform and equitable basis may be secured for making provision for this important feature of administrative needs.

Under conditions as they have existed, the Bureau of the Budget has been compelled to pass upon the requests of services for employees without any means of determining in an accurate manner the nature of these requests. With a standard classification of positions, uniform terminology in designating positions, and a scheme of compensation corresponding to the importance of the work to be done, such as is provided for by the Classification Act, this lack of knowledge and uncertainty will be eliminated. All the spending services, the bureau of the budget, the appropriation committees and Congress itself will be speaking in the same terms and with knowledge. What has been a complicated problem will be reduced to the simple one of determining numbers; that is, the number of each designated position for which provision shall be made.

Of equal, if not greater importance, will be the fact that the new system will lay the basis for, if it will not automatically do away with the necessity for what is known as the "statutory rolls." This consists in the designation in detail in the appropriation acts or general statutes of the number and compensation of the employees that may be employed in the designated positions. That this practise results in a rigidity of organization and an inability on the part of the spending services to meet their varying needs that is detrimental to efficiency in operation is recognized. It has been adopted by Congress however, as the only effective means that it has had of controlling the spending services in respect to this important class of their expenditures. Now it must be evident that the adoption of a standard classification of positions and corresponding salaries will set up a control much greater than Congress seeks to exercise at the present time through its recurrent statutory designation, since such system defines in detail the character of work comprehended by each position, the qualifications required of its incumbent, and the compensation attached to it. Under this system Congress will continue to get in the budgetary estimates the same detailed information regarding the number and compensation of persons employed by each service and the number that is desired for the year to which the budget relates that it has received in the past; indeed it will get this information in still greater detail and in a form infinitely more intelligible. In acting upon this information it will not be necessary for it however to reproduce this detail in the appropriation acts. All that will be required will be to fix the total that may be expended for salaries and wages.

Recommendations for Further Reform in the Civil Service—*cont'd from p. 205*

with the administration, assign them to the so-called key positions for the length of time that administration was in power and at the end of that time (4 years) they would retire from that particular assignment without loss of either rank or pay and be reassigned to a like position under some other department. The details of a plan, such as has been very meagerly outlined, could be worked out so that the entrance into the Civil Service employment of the government would be distributed throughout the whole of the United States, the candidates themselves representative of their particular locality, their appointment depending solely upon the individual merit of each appointee by an examination taken after the appointment. The promotions from rank to rank and grade to grade depending entirely upon the individual efforts of each employee as evidenced by examinations taken for each promotion. And yet the will of the people, as expressed at the polls in demanding a change in the administration of affairs, could be accomplished through the tenure of office in the assignment of any particular employee to any particular place, without injustice to the employee who is superseded by the new assignee; for the assignment to a position would not affect the grade or rank held by any particular employee any more than the assignment of a Colonel of Infantry to the head of any one of the Bureaus in the War Department affects the grade and salary of that officer. The object of such a law is to create an army, if this term can be used, of Civil Service employees as nearly perfect as to grade and rank and regulations governing the conduct and privi-

leges of such employees, as is the regular Army and Navy. From this army of civil employees each incoming administration could find men in hearty accord with the principles and aims of the incoming administration to fill the assignment to the various key positions and thus the will of the people, as expressed at the polls, could be carried out without working injustice to any faithful government servant and the principle of rotation in office which is the foundation of American form of government would be augmented rather than limited as it is today under the present Civil Service law.

President Grant in December, 1869, in his message to Congress called attention to the necessity of the President in having the administrative officers in accord with him in the following words:

"What faith can an executive put in officials forced on him, and those, too, whom he has suspended for reason? How will such officials be likely to serve an administration which they know does not trust them?"

If a President of the United States could have this feeling toward men held in office against the will of the executive, how much more suspicious and resentful will the American people become against an administration in power which holds in office men whom the American people have discredited at the polls? Some such way as is above described must be found whereby the American people can have their mandate for a change obeyed without working injustice to the faithful government employees who have devoted their whole lives to honest, efficient, public service.—*Contributed.*

The Importance of Reclassification to the Employee

By Luther C. Steward

President, National Federation of Federal Employees

THE Classification Act of 1923 is a companion piece to the Budget Act. About one-half of the administrative costs of the government are for materials, the other half for personnel. The system under which the personnel has been recruited, assigned and compensated, from the time three generations ago when the government departments were a small aggregation of clerkships, to the present, with their vast size and complexity, is a thing which may almost be said to have "just grown." Employment management, employment policy on the part of the government, has been practically non-existent. Appropriations for salaries have been made more or less blindly by Congress, politicians have interfered with the department administrators, inequalities and injustices have impaired the morale of the employees, and the service inevitably has suffered. Waste and ineffectiveness have increased expenditures, discouraged the public officers and reacted in the public mind against the service itself.

The Classification Act is the beginning of a modern employment policy for the government.

It is not a perfect law. It is only a beginning. But it lays down the basic principles for a sound classification, and establishes the machinery for putting them into effect.

From the employees' viewpoint, now that the Classification machinery is set up, the important thing is to secure their own continuous participation in its operation. Not only for the sake of democratic principle is this important. It is necessary for good and lasting results.

Concretely stated, the principles urged by the National Federation of Federal Employees as fundamental to the successful operation of the Classification machinery are as follows:

1. That the Civil Service all over the country should be viewed as a whole and classified by one consistent plan; therefore, that material already gathered for the District of Columbia should be treated as an integral part of the general scheme and not as a separate proposition.
2. That the survey of positions, wherever conducted, shall afford every employee as well as his superior officer an opportunity to describe his own duties.
3. That the survey shall not depend upon long-range report but upon direct observation and investigation of facts in typical localities for the respective branches of the service.
4. That the specification of duties and titles and the fixing of ranges of compensation shall be worked out by committees instead of by individuals.
5. That opportunity be afforded for representatives of groups of employees to represent their collective viewpoint in matters affecting such groups.
6. In view of the wide scope of the work of reclassification and its importance both to the employees and the Government, as full an understanding of the problem as possible should be had by all affected. This principle of fairness, it has been proved by experience, cannot be minimized or disregarded as a factor in the successful conduct of such an undertaking.
7. In view of the public character of the work, the records of the Personnel Board should be open to the public. The conclusions of the Board will necessarily be based upon substantial reasons, and public support will add strength to the Board's hands.

By Ethel Smith

Legislative Secy., National Women's Trade Union League

SEX equality in civil service salaries is now required by law. "In determining the rate of compensation which an employee shall receive, the principle of equal compensation for equal work irrespective of sex shall be followed." Thus the Classification Act of 1923, superseding a statute of 1870, which says, "Women may, in the discretion of the head of any department, be appointed to any of the clerkships therein authorized by law, upon the same requisites and conditions, and with the same compensation as are prescribed for men."

Three kinds of handicaps have existed for women in the civil service. First of all is the historical distrust men feel as to women's ability—the instinctive masculine refusal to admit women as competitors on equal terms, instead of dependents and inferiors. Unconsciously, perhaps, but none the less stubbornly, the man-made government establishments cannot see women's ability for what it is.

Then there is the franker discrimination of administrative officers, many of whom will admit that they "don't want a woman in the office"; or "we must save the better jobs for the men"; "a woman ought not to hold an executive position, because men don't like to work under women," or, "no woman ought to be paid more than \$1800 a year." All variations of prejudice, discrimination, and assertive sex selfishness have been manifested, and this was legal—"at the discretion of the head of the department." It is legal no longer.

The third, less conspicuous, but just as important type of handicap for women in the government service, is the depressing effect of the wages in corresponding occupations in outside industry. Irrespective of their relative skill, women in the government's big mechanical establishments such as the printing offices, the engraving bureau, mail equipment shop, the flag and mattress making departments of the navy yard, the government factories of the Army—these, and similar occupations filled by women are paid less than the porters and messengers and truck pushers who handle the product of these women's hands.

They are paid much less than men in the same trades who are doing different but not more difficult work. There is no reason in justice why plate printers' assistants should receive less than other press feeders; nor why typists should receive less than linotypists. The principal reason is that women are still under the traditional handicap of sex, or rather sex prejudice.

Neither the Classification Act nor any other law can wipe out sex prejudice, it is true. But this act, by requiring equal pay for equal work and providing an administrative agency, which is also required to act as a court of review, creates a standard-fixing power which must act publicly according to the requirements fixed by law. Employees must be allocated to their respective salary grades on the basis of duties, qualifications and efficiency records. Promotions are made on the same basis. The power of review by the Board, which involves the right of appeal by the employee, lies in the central administrative agency, the Personnel Classification Board. The women employees have the chance to make their case and require the enforcement of the statute.

In the campaign for the passage of the Classification Act, seven national organizations of women cooperated and established a joint committee of their legislative representatives in Washington for the purpose. Since the bill was passed that committee has reorganized for the purpose of following and cooperating in the administration of the law, and assisting with any needed amendments in the next Congress.

Groups of Federal Employees for whom Reclassification of Wage Rates has been Authorized

Prepared by The U. S. Bureau of Efficiency

SERVICE.	CLASSIFYING AGENCY	DATE OF LEGISLATION OR OTHER AUTHORITY	ESTIMATE OF NUMBER OF FEDERAL EMPLOYEES CLASSIFIED. FIGURES FOR EACH SERVICE ARE AS OF JUNE 30, 1922	
			Military	Civil Service: Classified and Unclassified
I. Military and Naval Services, etc.	Joint Congressional Committee, succeeded by Special Committees of Senate and House.	June 10, 1922 (42 Stat. 625)	139,673	
1. Army.....	"	"	828	
2. Female Nurses of the Army.....	"	"	97,368	
3. Navy.....	"	"	492	
4. Female Nurses of the Navy.....	"	"	21,652	
5. Marine Corps.....	"	"	4,564	
6. Coast Guard.....	"	"	98	
7. Commissioned Officers of Coast and Geodetic Survey.....	"	"	1,171	
8. Commissioned Officers of Public Health Service.....	"	"		
II. Civil				
1. Postal Service*	Joint Congressional Commission.	June 5, 1920 (41 Stat. 1045)		
(a) Post Offices—				
(1) Postmasters.....				51,946
(2) Supervisory officials.....				4,328
(3) Clerks and Carriers.....				93,914
(4) Laborers, Watchmen, Mechanics, etc.....				3,166
(5) Rural Carriers.....				44,186
(b) Railway Mail Service.....				20,683
(c) Inspection Service.....				550
2. Navy Yards.....	Navy Wage Adjustment Board.....	{Sept. 16, 1920} {Oct. 27, 1920}		54,115
3. Departmental.....	Departmental Heads and Bureau of Efficiency.....	Oct. 24, 1921.....		47,314
Departmental.....	Personnel Classification Board.....	Mar. 4, 1923.....		62,589

* Does not include employees of the Post Office Department in the District of Columbia.

Changes Introduced by Reclassification

(Continued from page 209)

Old Way

a careful review of the situation and conference with those possessed of detailed information.

The public was never informed of the real situation. It never could learn the aggregate annual expenditures for personal services. No one could tell what the government payroll was, much less how it was distributed among organization units and projects. The public could get no data upon which it could form an intelligent opinion as to whether the salaries being paid the employees were reasonable, niggardly, or extravagant, and if it could have made an investigation, it would have found that they were all three at the same time, because there was no adequate device for making the salaries uniformly fair.

New Way

is being done is the greatest step in advance. The salary schedule itself and the classes developed under it will give a fairly accurate understanding of the general line of salaries being paid. Statistics for departments, bureaus, and offices by services, grades, and classes, with the use of the standard titles to be set up under the law, will permit of ready analysis and control through possession of the facts and be a material aid in the perfection of the new budget system. The Act as a whole is in short a big stick in getting the personnel system of the government on the scientific or fact basis; and real Congressional and public control can come only through possession of the facts.

Provisions of the Agricultural Credit Act of 1923

S. 4280—Public Law No. 503. Approved March 3, 1923

Digest Prepared by the Department of Agriculture

Title I.—Federal Intermediate Credit Banks

Section 1—Amends section 1 of the Federal Farm Loan Act by prefixing to it "TITLE I" and slightly changing the wording thereof.

Section 2—Amends the Federal Farm Loan Act by adding at the end thereof "TITLE II", involving the following provisions:

FEDERAL INTERMEDIATE CREDIT BANKS

Section 201—Authorizes the Federal Farm Loan Board to charter twelve Federal intermediate credit banks, one in each of the twelve cities now having Federal land banks. The officers and directors of the several Federal land banks are made ex officio officers and directors of the Federal intermediate credit banks. These banks are given the usual corporate powers, and may act as fiscal agents of the government.

DISCOUNTS AND LOANS

Section 202—Federal intermediate credit banks may (1) discount and purchase agricultural and live-stock paper for and from banks, live-stock loan companies, agricultural credit corporations, Federal intermediate credit banks, and various cooperative associations, (2) purchase and sell debentures of Federal intermediate credit banks, (3) make loans direct to cooperative associations under specified conditions. Loans, advances and discounts must have a maturity of not less than six months nor more than three years.

ISSUANCE OF DEBENTURES

Section 203—Federal intermediate credit banks may issue and sell collateral trust debentures with maturity of not to exceed five years secured by discounted or purchased agricultural and live-stock paper under rules prescribed by the Federal Farm Loan Board. The amount of such debentures outstanding must at no time exceed ten times the paid-up capital and surplus of the bank. The U. S. Government is to assume no liability on these debentures.

RATES OF DISCOUNT

Section 204—Discount rates are to be established in the first place by each Federal intermediate credit bank with the approval of the Federal Farm Loan Board, and such rates later must not exceed by more than 1% the rate paid on debentures. Paper discounted must not involve a rate to the borrower higher than 1½% above discount rate. Debentures may be bought at or below par and retired before maturity.

CAPITAL STOCK

Section 205—Each intermediate credit bank shall have capital stock of \$5,000,000, which stock is to be subscribed by the Secretary of the Treasury.

APPLICATION OF EARNINGS

Section 206—The joint expenses of the Federal land banks, joint stock land banks and the Federal intermediate credit banks shall be apportioned between them by the Federal Farm Loan Board. The net earnings of the Federal intermediate credit banks shall be paid one-half to the United States and one-half into a surplus fund until such fund equals 100% of the subscribed capital stock, after which 10% of the net earnings are added to the surplus and the remaining earnings are paid to the United States as a franchise tax. In case of dissolution of a Federal intermediate credit bank the net assets, if any, become the property of the United States.

LIABILITY ON DEBENTURES

Section 207—Each Federal intermediate credit bank has direct liability for interest and capital on its own debentures and contingent liability on debentures issued by other intermediate credit banks.

EXAMINATIONS AND REPORTS

Section 208—The Comptroller of the Currency is required to furnish reports on national banks, and elaborate provisions are made for the examination of other institutions with which the Federal intermediate credit banks deal or contemplate dealing, as well as for the examination of the Federal intermediate credit banks themselves and of the security on the basis of which credits are extended by these banks.

RULES AND REGULATIONS

Section 209—The Federal Farm Loan Board is authorized to make necessary rules and regulations for carrying out the provisions of this title.

TAX EXEMPTION

Section 210—The tax exemption privileges enjoyed by the Federal land banks are extended to the Federal intermediate credit banks.

PENALTY PROVISIONS

Section 211—Penalties are provided for false statements or fraudulent acts on the part of officers, agents, or receivers of these banks, and for counterfeiting its debentures or other papers.

UNAUTHORIZED COMMISSIONS

Section 212—No Federal intermediate credit bank shall receive fees or commissions other than those specifically authorized.

Title II.—National Agricultural Credit Corporations

FORMATION

Section 201—Authorizes the organization of National agricultural credit corporations by five or more natural persons, by filing articles of incorporation with the Comptroller of the Currency.

REQUISITES OF ARTICLES OF INCORPORATION

Section 202—Prescribes contents of articles of incorporation and enumerates powers which include usual powers of a corporation. Term of incorporation shall be fifty years.

CREDIT AND FINANCIAL TRANSACTIONS THAT MAY BE PERFORMED
Section 203—Among the credit transactions which may be performed are the discount, rediscount, or purchase and sale of various credit papers issued or drawn for an "agricultural purchase." The term of discount must not exceed nine months except in the case of breeding live-stock or dairy herds, when the discount period may be three years. The corporations may also deal in U. S. securities and may act as fiscal agents of the United States.

DEBENTURES

These corporations may also issue debentures under supervision of the Comptroller of the Currency. The government shall assume no liability on the debentures.

LIMITATIONS ON LOANS AND DEBENTURES

Section 204—Prescribes certain limitations on the amount of loans to individuals and corporations, and limits amount of debentures to ten times the paid-in capital and surplus.

INTEREST RATES LIMITED TO THOSE PERMITTED BY STATE LAWS

Section 205—The interest or discount rates charged by agricultural credit corporations may not exceed the rate permitted by State laws, and willful violation of this forfeits the claim to the entire interest on note or bill involved.

CAPITAL STOCK

Section 206—An agricultural credit corporation must have capital stock of not less than \$250,000, 50 per cent of which must be paid in before beginning business and the balance within six months.

REDISCOUNT CORPORATIONS

Section 207—Corporations with a capital stock of not less than \$1,000,000 may be organized which shall have power to rediscount agricultural paper for National agricultural credit corporations, and for banks or trust companies which are members of the Federal Reserve System, and to deal in various forms of credit paper secured by readily marketable agricultural products with a maturity of not more than nine months. They may also exercise most of the other powers conferred on the smaller corporations organized under this part of the Act.

FURTHER REQUIREMENTS BEFORE BEGINNING BUSINESS

Section 208—Agricultural credit corporations are required to deposit with the Federal reserve bank of their district an amount not less than 25% of their paid-in capital stock and to keep on deposit with such bank at all times a sum not less than 7½ per cent of their aggregate indebtedness.

SUPERVISION BY COMPTROLLER OF CURRENCY AND OTHER ADMINISTRATIVE PROVISIONS

Section 209—Provides for the supervision of agricultural credit corporations by the Comptroller of the Currency and authorizes the appointment for this purpose of an additional Deputy Comptroller. The cost of such supervision is to be assessed against the corporations supervised.

FEDERAL RESERVE MEMBERS MAY BECOME STOCKHOLDERS

Section 210—Members of the Federal Reserve System may with the consent of the Comptroller of the Currency invest not more than 10 per cent of their paid-in capital and surplus in the stock of one or more agricultural credit corporations.

TAXATION

Section 211—Provides that states shall tax corporations under this Act on the same plan only as they tax national banking associations.

DEPOSIT OF MONEYS

Section 212—Agricultural credit corporations may keep their moneys on deposit subject to check in any member bank of the Federal Reserve System.

EXISTING LOAN COMPANIES MAY COME UNDER THIS LAW

Section 213—Provides that agricultural or live-stock loan corporations incorporated under State law may upon complying with certain conditions, reorganize under the provisions of this Act.

CONSOLIDATION

Section 214—Provides for the consolidation under certain conditions of agricultural credit corporations.

INSOLVENCY

Section 215—Prescribes method of procedure in case of insolvency, receivership or liquidation of National agricultural credit corporations.

PENALTIES

Section 216—Provides penalties for wrongful or fraudulent acts by officers or employees, or agents of national agricultural credit corporations. Limits the use of "National agricultural credit" in the corporate name to corporations organized under this Act.

RIGHT TO AMEND

Section 217—Reserves right to amend, alter, or repeal provisions of this Title.

Title III.—Amendments to Federal Farm Loan Act

FEDERAL FARM LOAN BOARD INCREASED TO 7 MEMBERS

Section 301—The Federal Farm Loan Board is increased from five to seven, including the Secretary of the Treasury and six appointed members. Not more than three of the appointed members shall be of the same political party.

SALARIES AND EXPENSES OF BOARD ASSESSED AGAINST BANKS

Section 302—A biennial assessment shall be made by the Federal Farm Loan Board of the salaries and expenses of such Board and of examiners, registrars and others employed, against the Federal and joint stock land banks in proportion to their gross assets.

BRANCHES OF FEDERAL LAND BANKS IN TERRITORIES OF UNITED STATES

Section 303—Any Federal land bank may with the approval of the Federal Farm Loan Board establish a branch in Porto Rico or in Alaska. Loans by such branches limited to \$10,000 to any one individual and term of loan must not exceed 20 years.

PERMANENT ORGANIZATION OF FEDERAL LAND BANKS

Section 304—The permanent organization of the Federal land bank shall be established under a board of seven directors chosen as follows: Three directors known as local directors are to be elected by the associations, these to be elected one for each of three divisions into which each land bank district is to be divided. Stockholders of the land bank in each division whether these be associations or borrowers through agencies first nominate one candidate for the Board. From a list of the ten candidates receiving the largest nomination vote, the stockholders of the division then elect one Board member. Three directors are to be appointed by the Federal Farm Loan Board and to be known as district directors. Each association and each borrower through agencies also nominate one candidate for director at large, and from the three persons having the largest number of votes for nominee for this position the Federal Farm Loan Board selects a director at large. The latter is chairman of the Board of Directors for his term of office. After the first election all directors are chosen for three years.

ACTIVITIES OF SEC.-TREASURERS OF NATIONAL FARM LOAN ASSOCIATIONS RESTRICTED

Section 305—Amends section 7, Federal Farm Loan Act, by providing that no secretary-treasurer of a national farm loan association shall engage in making land mortgage loans, eligible at a Federal land bank, through or for any other land mortgage company or agency.

USE OF LOANS LIBERALIZED

Section 306—The fourth paragraph of Section 12 of the Act is amended by including among the purposes for which loans may be made, the liquidation of any existing indebtedness.

MORTGAGE-LOAN LIMIT INCREASED

Section 307—The seventh paragraph of section 12 of the Act is amended by raising the loan limit from \$10,000 to \$25,000.

CONSOLIDATED BONDS

Section 308—The Federal land banks are authorized to issue consolidated bonds of the twelve banks through the agency of the Federal Farm Loan Board. The presidents of the twelve banks will constitute a bond committee.

Section 309—Paragraph 8 of Section 22 of the Act is amended in line with the new provisions in Section 308 above.

REFERENCE TO AGENT OMITTED IN LIABILITY PROVISION

Section 310—Section 25 of the Act is amended by omitting reference to the agent through whom loans are granted to farmers in connection with liability on default under terms of an endorsed first mortgage but leaving an association liable as in the original Act.

Federal Agencies Having Jurisdiction over Rural Credit System

I—Federal Farm Loan Bureau, U. S. Treasury Dept.

MEMBERS OF THE BOARD:

Chairman (ex-officio)—Andrew W. Mellon, Secretary of the Treasury.

Farm Loan Commissioner and Executive Officer—Charles E. Loddell.

Robert A. Cooper, John H. Guill; one vacancy.

New Members—Appointed under provision of Agricultural Credits Act of 1923, approved March 3, 1923: N. S. Corey, Elmer S. Landes.

II—Office of the Comptroller of the Currency, U. S. Department of the Treasury.

LIQUIDATION OF NATIONAL FARM LOAN ASSOCIATIONS

Section 311—Prescribes that in case of liquidation of a National farm loan association its stock shall be cancelled and stock issued instead direct to borrowers. Double liability of borrowers not affected by such change of stock holdings.

Title IV.—Amendments to the Federal Reserve Act

STATE BANKS AND FEDERAL RESERVE SYSTEM

Section 401—State banks may enter the Federal Reserve System when their capital is 60% of the amount required of national banks similarly located, providing that capital within reasonable time be increased to amount required of national banks.

FEDERAL RESERVE DISCOUNTS

Section 402—Redefines paper arising out of commercial transactions, and prescribes plan of discount charges on bills payable at sight, by Federal reserve banks.

SPECIAL RULE FOR ACCEPTANCES

Section 403—Acceptances may be discounted by Federal reserve banks for 90 days, but such term may be 6 months if secured by warehouse receipts on readily marketable staples.

AGRICULTURAL AND LIVE-STOCK PAPER

Section 404—Federal reserve banks authorized to discount paper drawn for an agricultural purpose, for 9 months instead of 6, which has hitherto been the limit. Such discounts may also be made for Federal intermediate credit banks, and National agricultural credit corporations. The definition of "agricultural purpose" is broadened in several particulars and made to include grading, processing, etc., by cooperative associations of producers.

ACCEPTANCES OF INSTITUTIONS AUTHORIZED

Section 405—Federal reserve banks may with the approval of the Federal Reserve Board purchase and sell in the open market, acceptances of Federal intermediate credit banks, and National agricultural credit corporations.

DEPOSITORIES

Section 406—The Federal reserve banks may act as depositories for any fiscal agents of Federal intermediate credit banks or National agricultural credit corporations.

REPEAL OF FORMER AMENDMENT

Section 407—Repeals amendment to Federal Reserve Act passed April 13, 1920.

Title V.—Miscellaneous Provisions

WAR FINANCE CORPORATION

Section 501—Active life of the War Finance Corporation extended to February 29, 1924.

Section 502—Amends parts of War Finance Corporation Act in line with provisions of Section 501 above.

Section 503—Amends parts of War Finance Corporation Act in line with Section 501 above.

INDEBTEDNESS OF NATIONAL BANKS

Section 504—Amends Section 5202 of Revised Statutes by including liabilities under "Section 202" above in those removed from the limitations regarding national banking associations.

Section 505—(omitted), apparently an error in numbering.

JOINT CONGRESSIONAL COMMITTEE

Section 506—A joint congressional committee of three members of the Banking and Currency Committee of the Senate and five members of the corresponding committee in the House, provided for, whose duties shall be to study the question of getting state banks to join the Federal Reserve System, and to report findings to Congress.

SEPARABILITY PROVISION

Section 507—The declaring of one part of Act unconstitutional shall not invalidate other parts.

DEFINITIONS

Section 508—Defines Federal Farm Loan Act and Federal Reserve Act as used in this Act.

NAME OF THIS ACT

Section 509—This Act may be cited as Agricultural Credits Act of 1923

Comptroller of the Currency—Henry M. Dawes.

III—Federal Reserve Board.

Chairman—Andrew W. Mellon, Secy. of the Treasury.

Governor—D. R. Crissinger.

Vice-Governor—Edmund Platt.

Adolph C. Miller, Charles S. Hamlin, John R. Mitchell

IV—War Finance Corporation.

Chairman—Andrew W. Mellon, Secretary of the Treas-

ury. Henry C. Wallace, Secretary of Agriculture.

Managing Director—Eugene Meyer, Jr.

Directors: Geo. R. Cooksey, D. W. Davis, Fred Starek.

Recent Government Publications of General Interest

THE Government of the United States is the greatest of all modern publishers. It employs thousands of scientists, who are engaged the year round in making researches and investigations in all branches of agriculture and household economy, in geology, in mining, in electricity, in chemistry, in astronomy, in engineering, in aviation, in preventive medicine, in forestry, in irrigation, in shipping and railroad problems, in trade and manufactures. The results of all these activities are constantly reduced to print and poured out in an incessant flood from the Government Printing Office at Washington, the largest printing plant in the world. The greater number of these public documents are sold by the Superintendent of Documents. Price Lists of Government Publications descriptive of each available book or pamphlet are issued, and will be sent free on request by the Superintendent of Documents, Government Printing Office, Washington, D. C.

Agriculture

EASTERN BLUE-STEM OF THE BLACK RASPBERRY; by R. B. Wilcox. (Agriculture Department Circular No. 227, reprint.) *Price*, 5 cents.

Covers distribution and damage, symptoms of the disease, distinction between eastern blue-stem and other diseases, cause of the disease, means of dissemination, and control.

CELERY GROWING; by W. R. Beattie. (Farmers Bulletin 1269, reprint.) *Price*, 5 cents.

Covers soils adapted to celery growing, fertilizers for celery, preparation of the soil, growing celery plants, cultivation, diseases, blanching, harvesting, shipping, storage, varieties of celery, growing celery seed.

POTATO PRODUCTION IN THE SOUTH; by William Stuart. (Farmers Bulletin 1205, reprint.) *Price*, 5 cents.

Covers comparative cultural practices, potato production in the Southern states, seasonal crop divisions, the early or truck crop, the late or main crop, the fall crop, storage, summary.

POULTRY HOUSES; by Alfred R. Lee. (Farmers Bulletin 1113, reprint.) *Price*, 5 cents.

Covers location, floor space, house for small flock, remodeling poultry houses, floors, and interior arrangement.

Education

SOME EXPERIMENTS IN PRESCHOOL EDUCATION; by Nina C. Vandewalker. (Kindergarten Circular No. 10.) *Price*, 5 cents.

Covers interest in nursery schools, lectures by English specialist, and experimental school of several groups, etc.

PREPARATION OF SCHOOL GROUNDS FOR PLAY FIELDS AND ATHLETIC EVENTS; by Dorothy Hutchinson. (Physical Education Series No. 1.) *Price*, 5 cents.

Covers baseball, American football, field hockey, soccer, tennis, basketball, equipment, with bibliography.

REPORT OF A SURVEY OF THE UNIVERSITY OF ARIZONA. (Education Bureau Bulletin, 1922, No. 36.) *Price*, 10 cents.

Covers the University of Arizona, the State and the Federal Government, the organization of the university, internal administration, the faculty, with appendices.

STATISTICS OF PUBLIC SCHOOLS, 1919-1920. (Education Bureau Bulletin 1922, No. 37.) *Price*, 5 cents.

Covers preliminary survey, summary of statistics of public high schools from 1890-1920, summary of statistics of public high schools from 1907-1920, teachers in public high schools, pupils enrolled, pupils in military drill, graduates.

MOTHER TONGUE OF THE FOREIGN STOCK; by William C. Hunt. (Fourteenth Census of the United States, Population, 1920.) *Price*, 15 cents.

EDUCATIONAL DIRECTORY, 1922-1923. *Price*, 15 cents.

Covers the United States Bureau of Education, principal state school officers, county and other local superintendents of schools, directors of summer schools, librarians of public and society libraries, directors of library schools, directors of schools for social workers, etc.

KINDERGARTEN PAST AND PRESENT, by Julia Wade Abbott. (Reprint from School Life, January, 1921.) *Price*, 5 cents.

Dairy Products

COST OF MILK PRODUCTION ON FORTY-EIGHT WISCONSIN FARMS, by S. W. Mendum. (Department of Agriculture Bulletin No. 1144.) *Price*, 5 cents.

Covers feed requirements and consumption, labor applied to milk production, other cost-incidentals, overhead, production and prices, summary of costs, other considerations.

Farm Forestry

MAKING WOODLAND PROFITABLE IN THE SOUTHERN STATES; by Wilbur R. Mattoon. (Farmers Bulletin 1071, reprint.) *Price*, 5 cents.

Covers how farm forestry pays, marketing timber profitably, supplying timber for farm needs, profitable employment for winter, protecting woodlands from injury, making waste land profitable, publications for reference, lantern slides and motion picture films.

Fisheries

FISHERIES PROSECUTES BY CALIFORNIA FISHERIES IN MEXICAN WATERS; by R. A. Coleman. (Bureau of Fisheries Document No. 937.) *Price*, 5 cents.

Food Selection

GOOD PROPORTIONS IN THE DIET; by Caroline L. Hunt. (Farmers Bulletin 1313.) *Price*, 5 cents. Supersedes Farmers Bulletin 1228.

Food selection is considered in regard to its adequacy, wholesomeness and cost. Tables for measuring food by weight and by caloric portions accompany the text.

CORN AND ITS USES AS FOOD. (Farmers Bulletin 1236.) *Free*. Supplements the "Corn-meal bulletin," Farmers Bulletin 565.

Covers various corn products and corn preparation commonly in use, and contains more than sixty household recipes.

Government Specifications

UNITED STATES GOVERNMENT SPECIFICATIONS FOR VOLATILE MINERAL SPIRITS FOR THINNING PAINTS. (Bureau of Standards Circular No. 99, reprint.) *Price*, 5 cents.

Covers detection and removal of sperated water, sampling, laboratory examinations, basis of purchase.

STANDARD SAMPLES ISSUED OR IN PREPARATION. Supplement to Bureau of Standards Circular No. 25.) *Price*, 5 cents.

Covers summary of analysis, average analysis, pure chemicals, with general information.

Interstate Commerce Commission

INTERSTATE COMMERCE COMMISSION REPORTS, Vols. 69, May to July, 1922; 70 (Finance Reports) June to December, 1921; Decisions of the Interstate Commerce Commission. *Price*, \$2.00 each.

Covers members of the commission, tables of decisions, table of cases cited, opinion of the commission, index digest.

Labor

CHILD LABOR AND THE WORK OF MOTHERS IN THE BEET-SUGAR INDUSTRY. (Report by the Children's Bureau.)

Covers hours of labor, ages of children, working and living conditions, etc., in Colorado and Michigan.

Manganese

MANGANESE DEPOSITS OF EASTERN TENNESSEE; by G. W. Stone and F. C. Schrader. (Geological Survey Bulletin 737.) *Price*, 50 cents.

Covers scope of the report, acknowledgments, previous work, geography of the region, the manganese deposits, manganese minerals, uses of manganese, method of mining, mining and prospects, etc.

Petroleum

ARGENTINE PETROLEUM INDUSTRY AND TRADE; by George S. Brady. (Trade Information Bulletin No. 81.) *Price*, 5 cents.

Covers petroleum production, the Comodoro Rivadavia fields, geological aspects of the region, operations of private companies, history of the region, with general summary.

REPORT OF THE FEDERAL TRADE COMMISSION ON FOREIGN OWNERSHIP IN THE PETROLEUM INDUSTRY, February 12, 1923. *Price*, 15 cents.

Prices

RETAIL PRICES 1913, TO DECEMBER, 1921. (Bureau of Labor Statistics Bulletin No. 315.) *Price*, 20 cents.

Covers summary of price changes, scope of study and method of obtaining prices, explanation of tables, with appendices.

Road Construction

THE RESULTS OF PHYSICAL TESTS OF ROAD-BUILDING ROCK FROM 1916 TO 1921, INCLUSIVE. (Agriculture Department Bulletin No. 112.) *Price*, 10 cents.

Covers crushing strength of compression test, interpretation of results of physical tests, general limiting test values for broken stone, etc.

Notes on the Constitution

By HON. WM. TYLER PAGE

A series of twelve articles setting forth the fundamental principles of the United States Government as prescribed in the Constitution

Fifth Article—What the States May Do—Part I

Next month: What the States May Do; which is expressly forbidden the Nation

IT IS a familiar rule of construction of the Constitution that the sovereign powers vested in the state governments by their respective constitutions remained unaltered and unimpaired, except so far as they were granted to the government of the United States. That the intention of the framers of the Constitution in this respect might not be misunderstood this rule of interpretation is expressly declared in Article X of the Amendments, namely: "The powers not delegated to the United States are reserved to the States respectively, or to the people." The government of the United States, therefore, can claim no powers which are not granted to it by the Constitution, and the powers actually granted must be such as are expressly given, or given by necessary implication. The general government, and the states, although both exist within the same territorial limits, are separate and distinct sovereignties, acting separately and independently of each other, within their respective spheres. The former in its appropriate sphere is supreme; but the states within the limits of their powers not granted, or, in the language of the 10th Amendment, "reserved," are as independent of the general government as that government within its sphere is independent of the states.

Few are the particular things simply and expressly given to the States by the Constitution, because they have all powers not expressly delegated to the Federal Government. But it does, however, give certain other powers to the States and forbids them to the Nation.

The States in the original Constitution are given power (1) over their militia; (2) to demand extradition of criminals from other States; (3) and are guaranteed their territorial integrity. By the 11th Amendment suits against a State are forbidden. (This will be considered in Notes on the Amendments.)

Article I, section 8, clause 16, empowers Congress to provide for organizing, arming and disciplining the Militia, and for governing such Part of them as may be employed in the Service of the United States—

reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress.

The words "according to the discipline prescribed by Congress" does not put any restriction upon the states in respect to concurrent legislation concerning the militia. The obvious theory of the Constitution, and of the Acts of Congress based on it, is, that while Congress shall prescribe by general rules a uniform militia system for the states, securing the enrolment of able-bodied citizens, and maintaining the system of discipline and field exercise

observed in the regular army, yet that the details of the militia organization and management shall be left to the state governments.

Article IV, Section 2, clause 2, provides:

A Person charged in any State with Treason, Felony, or other Crime, who shall flee from Justice, and be found in another State, shall on Demand of the executive Authority of the State from which he fled, be delivered up to be removed to the State having Jurisdiction of the Crime.

It has been held by the courts that fugitives from justice may be extradited from and to the territories of the United States and the District of Columbia under Acts of Congress.

The words "treason, felony, or other crime" embrace every act forbidden and made punishable by a law of the state. The word "crime" of itself includes every offense, from the highest to the lowest in the grade of offenses, and includes what are called "misdemeanors," as well as treason and felony.

The executive authority of a State has the right to demand the fugitive from the Executive authority of the State in which he is found; the right given to "demand" implies that it is an absolute right; and it follows that there must be a correlative obligation to deliver, without any reference to the character of the crime charged, or the policy or laws of the State to which the fugitive has fled. A fugitive may, however, invoke the judgement of a State or Federal tribunal, by writ of habeas corpus, upon the lawfulness of his arrest and imprisonment.

Article IV, Section 3, clause 1, provides:

New States may be admitted by the Congress into the Union; but no new State shall be formed by the junction of two or more States, or Parts of States, without the consent of the Legislatures of the States concerned as well as of the Congress.

This guarantees the territorial integrity of the States. Congress can admit new States into the Union, but cannot form States. Congress has no creative power in that respect, and cannot admit into the Union any territory, district, or other political entity less than a State. And such State must exist, as a separate independent body politic, before it can be admitted under this clause of the Constitution, and there is no other clause. The new State which Congress may admit does not owe its existence to the fact of admission, and does not begin to exist coeval with that fact; for if that be so, then Congress makes the State; for no other power but Congress can admit a State into the Union. The right of eminent domain passes to a new State on its admission in virtue of the inherent quality of the several States.

Government Publications of General Interest—*cont'd from page 217*

Tariff Information Surveys

TARIFF INFORMATION SURVEYS, on the articles in paragraphs 255 and 256 of the Tariff Act of 1913, and related articles in other paragraphs. Price, 5 cents.

Covers cotton wearin; apparel, paragraph 255, plain handkerchiefs; paragraph 256; ready-made clothing, shirt collars and cuffs, corsets, not ornamented.

TARIFF INFORMATION SURVEYS, on the articles in paragraph 288 (in part) of the Tariff Act of 1913, and related articles in other paragraphs. Price, 5 cents.

Covers wool knit goods: paragraph 288, wool knit fabrics, wool hosiery, wool gloves and mittens; paragraph 291: wool knitted articles.

TARIFF INFORMATION SURVEYS, on the articles in paragraph 481 of the Tariff Act of 1913, and related articles in other paragraphs, Sheath-ing Felt, and Oakum. Price, 5 cents.

Unemployment

BUSINESS CYCLES AND UNEMPLOYMENT. Report and Recommendations of a Committee of the President's Conference on Unemployment. Price, 5 cents.

Covers questions to be considered, what is the business cycle, a business problem, the need of facts, recommendations, questions for discussions, etc.

Notes on Foreign Governments

By ANNIE M. HANNAY, M. A., University of Glasgow

These notes will be continued from month to month and when the Foreign Parliaments are in session a review of current legislation in the largest countries will be given.

Additional detailed information in regard to foreign governments may be procured through the CONGRESSIONAL DIGEST Information Service for a nominal charge.

Questions and answers will be published from time to time in this Department. Address your inquiries to Foreign Department, CONGRESSIONAL DIGEST, Munsey Bldg., Washington, D. C.—*Editor's Note.*

France

Notes on the form of Government of France were printed in the November issue

Parliamentary Debates

Digest of Official Report

Chamber of Deputies

February 8.—Bill passed providing for the operation of a synthetic ammonia plant, with a capital of 50,000,000 francs, the rights of the Haber patent having been purchased from the German Badische Anilin Co.

February 15.—Bill passed by 515 votes to 68 authorizing loan of 400 million francs to Poland.

Bill passed authorizing issue of short term Treasury bonds to the amount of 13,000,000,000 francs in 1923.

Plans for Balancing the Budget

February 20.—Debate on government bill to add a surtax of 20% to the principal tax in order to balance the budget.

February 21.—Bill passed arranging for the leasing to a national society for 75 years the potash mines of Alsace.

February 22, 23.—M. Bokanowski, rapporteur of the Finance Commission, insisted very strongly on the necessity for balancing the budget, pointing out the danger of their being one day obliged to have recourse to inflation. The Finance Commission, he said, had decided that the least objectionable method was by means of the registration of coupons of all securities. Such a scheme would prevent evasion of income tax. He was applauded by the Left, but not by the Center or Right.

M. de Lasteyrie, Minister of Finance, said that M. Bokanowski's solutions were not sufficient. He outlined the measures proposed by the Government: stricter control in collecting taxes on the one hand, and increase in certain contributions on the other. By the former method an increase of 2,200,000,000 francs could be obtained, which would leave a sum of 1,500,000,000 francs to be made up by increased taxation.

February 26.—Provisional credits voted for March as budget not yet passed; also credits for March and April for reconstruction and similar items, chargeable to Germany.

February 27.—Continuation of debate on plans for balancing the budget. M. Loucheur spoke at length against the registration of coupons and against new taxes.

French Sugar Consumption

March 2.—Debate on the recent increase in the price of sugar. M. Jacques-Louis Dumesnil said that the price of sugar had gone up from 15 sous the kilogramme (about 6½ cents a pound at normal rate of exchange) before the war to the present price of 4 francs 20 (about 36½ cents a pound)—a scandalous increase. The consumption of sugar in France was about 700,000 tons a year, in addition to 80,000 tons consumed in the north of Africa, Algeria, etc. Before the war in 1900 and 1902 France produced about one million tons of sugar a year. In 1922-23 the production was only 450,000 tons. From the colonies 80,000 to 100,000 tons were imported, making in all about 550,000 tons.

Therefore one-quarter of sugar needed in the country had to be imported. M. Dumesnil went on to say that in his opinion the increase in the price of sugar was not due, as had been stated, to the increased consumption of sugar in the United States due to prohibition, or to the situation in Cuba. Not foreign but French speculators were to blame, he said. Enough sugar was produced in France to last from October 1st to May 21st. Therefore, there was no excuse for an increase of price in February.

The speaker gave figures to show that the cultivators of beetroot had very small profits while the sugar manufacturers made very large profits.

PROFIT OF SUGAR MANUFACTURERS: 1919-20-1922-23		
Year	(in million francs)	Profit
1919-20	34
1920-21	219
1921-22	109
1922-23	226
Total profit for the four years—588 million francs.		

PROFIT AND LOSS OF BEETROOT GROWERS: 1919-20-1922-23		
Year	(in million francs)	Profit Loss
1919-20	54
1920-21	60
1921-22	99
1922-23	41

Total loss for the four years—52 million francs.

In the last three years the sugar manufacturers made a profit of 554 million francs, while the beetroot growers made a profit of 2 million francs.

The speaker then went on to prove that the sugar refiners made even larger profits than the manufacturers. He urged syndicalism and cooperation especially in connection with agricultural products.

To Ratify Washington Disarmament Treaty

March 8.—M. Raiberti, Minister of the Navy, stated that the Government would ask Parliament to ratify the Washington Naval Disarmament Treaty as soon as the report of the Commission of Foreign Affairs was ready. He went on to say that the program drawn by the Superior Council of the Navy was within the limits of the Washington agreement. This program had been approved by the Government which went to prove the latter's intention to ratify the agreement shortly. The tonnage of battleships would be that fixed by the Washington agreement. But the government did not intend to build any battleships for some years for three reasons. The type of the capital ship of the future had not yet been determined; the state of the country's finances would not allow the building of both battleships and a fleet of light units and France wanted the light units; finally a country ought to have a navy to suit its policy, and

France—cont'd

France needed a navy for coast defense and the protection of her maritime communications.

Debate on the stabilization of the budget continued and finished. After an intricate and detailed controversy all amendments were defeated except those supported by the Government. M. Brousse's proposal to balance the budget by means of the issue of Treasury bonds was adopted. The Chamber voted the Finance Law by 326 votes to 232.

Senate

February 8.—Bill on turnover tax amended and passed.

February 15.—Army Recruiting bill passed by Chamber of Deputies introduced in Senate. General Bourgeois, in introducing the bill, made a long and eloquent speech on the necessity of preparedness in view of the hatred and hostility and double dealing of Germany, urging that an army of 32 divisions of 659,000 men be maintained, with 18 months compulsory military service.

February 16.—Resignation of M. Léon Bourgeois as president of the Senate.

February 20.—Ratification by Senate of bill authorizing the issue and renewal of short term Treasury bonds to the amount of 13,000,000,000 francs in 1923.

Debate on Recruiting bill continued.

M. Cazelle argued in favor of compulsory military service for one year, and a reduction in the proposed number of army divisions.

President of Senate Elected

February 22.—Election of M. Gaston Doumergue as president of the Senate.

February 23.—Debate on Recruiting bill resumed.

Increase of Sugar Price

March 1.—Debate on recent increase in price of sugar. M. Brangier said that in order to increase the beetroot crop a tariff of 50 francs per 100 kilogrammes had been placed on sugar. The result had been that the output was doubled in two years. The 50 francs had been incorporated in the price of sugar and represented an increase of 50 centimes per kilogramme. He asked the Minister of Commerce to explain that increase in price, and to give the reasons for the decree of 1922 authorizing the exportation of sugar as well as for its recent annulment. Why, he asked, should the price of sugar in Belgium be 2 francs 60 the kilogramme while in France it was 4 francs to 4 francs 25, although the conditions of production in the two countries were almost identical?

M. Gaston Menier said that in October of 1922, 1364 tons of sugar had been exported, in November, 8000 tons and in December, 1240 tons. Had that sugar remained in France there would have been no need to buy it back from foreign countries at a high rate of exchange in addition to the duty. He suggested as remedies the lowering of the tariff, intensified production, the use of Polish labor to replace Belgian labor no longer available and an increase in the importation of sugar from the French colonies.

Minister of War Urges Larger Army

March 2.—M. Maginot, Minister of War, spoke in behalf of the scheme for eighteen months military service. France must have a larger army than Germany; hence the need of 32 divisions. Poland, Rumania and Czechoslovakia had adopted a period of two years military service and Italy was considering reestablishing a period of eighteen months.

March 6.—Eighteen months military service voted.

Great Britain

Notes on the form of Government of Great Britain were printed in December issue

Parliamentary Debates

(Digest of Official Report)

Prime Minister: Andrew Bonar Law.

THE second session of the thirty-second parliament of the United Kingdom of Great Britain and Ireland was opened by King George in person on February 13, 1923.

The King began his speech with a reference to foreign affairs, expressing regret at the failure of the allies to reach an agreement on the subject of reparations as well as at the want of success of the Lausanne Conference, but welcoming the prospective settlement of Britain's debt to the United States.

The estimates for the public service were to be laid before the Commons, and the necessity for reduction in public expenditure was stressed.

The condition of unemployment was deplored, and the hope was expressed that the development of inter-Imperial trade would afford relief to the situation.

Among the measures to be presented to Parliament were bills dealing with unemployment insurance benefit, housing, trade boards and industrial insurance and granting of credit facilities to farmers.

House of Commons

Unemployment, Housing and the Occupation of the Ruhr

February 13.—Mr. Ramsay Macdonald (leader of the opposition) said that the unemployment program before

Parliament would require a session of extraordinary length and an autumn session as well. The significance of the unemployment problem was that, while the Government had spent enormous sums for the temporary relief of the unemployed, while it had been putting into operation the Trade Facilities Act and the Safeguarding of Industries Act the number of unemployed had only fallen from 1,500,000 to 1,400,000.

Owing to war conditions, he continued, the housing accommodations of the country had become a monopoly. To talk about obtaining an economic rent in a closed market was sheer nonsense. They must create conditions which would make economic rents possible.

Passing to the question of the occupation of the Ruhr, and the policy of reparations, Mr. Macdonald said that the condition of Europe today was due to the spirit that animated the victors after the armistice, which had gradually brought about a policy of imperialism and annexation. The safety of Europe depended upon how far nations in the same stage of civilization could unite, not for their own ends but for the good of all.

Mr. Asquith (Liberal) said that the problem of reparations was the predominant, overshadowing problem, political, economic, and even moral, of the civilized world. There never had been in any party in the House any question as to the moral liability of Germany, or any disposition to

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encourage or condone any evasion of that liability. The real question was how to secure the enforcement of that liability, with one governing and limiting condition, namely, that no steps must be taken which would destroy or even paralyze the economic life of Germany, and thereby undermine the whole fabric of international trade. The question before Europe was the question of final settlement. It was true that Britain had suffered less in proportion in actual material and even personal loss in the war than either France or Belgium. But it was also true that since the war Britain had suffered much more than any of the other combatants, both from loss of external trade, and also because the British people had shown more willingness than those of any other country to pay their way and tax themselves. As a result, unemployment had become a formidable and even a menacing problem.

The vast majority of the people of the country approved heartily of the decision of the government not to participate in the recent adventure in the Ruhr. Since that decision had been made, two facts of vital importance had emerged. A moratorium had been accepted by France and was now no more heard of, and the figure of the claim against Germany had again been put at 6,600,000,000 pounds, a fantastic exaggeration of what could possibly be expected from Germany. He could see no solution of the whole matter unless in submitting it to the League of Nations.

Prime Minister Discusses Occupation of the Ruhr

The Prime Minister (Mr. Bonar Law) said that a great deal had been done to solve the problem of unemployment. The reduction in the number of the unemployed was 25% of the total figure at the same time last year. Trade had improved, and prospects were better.

Papers in regard to the Lausanne Conference would be laid before the House. He hoped the Angora government would eventually sign the treaty, and that any danger of war would be averted. It was possible that the Turks had counted upon Britain's war weariness.

Passing to the question of the Ruhr, the Prime Minister outlined the policy of the British government at the conference in Paris. The British proposal was that Germany should at once attempt to stabilize her exchange, and that she should equalize her budget. For that purpose, it was proposed that a council of six members be formed, four representing the allies, one an American and one a European neutral, to advise the German government as to the best method of carrying out the desired policy. There would be a moratorium for four years with power given to the council to reduce it to two years if the condition of Germany made it possible. The amount to be paid by Germany was to be fixed at 2,500,000,000 pounds, with the proviso that the payment of the last 500,000,000 pounds should depend upon the decision of the tribunal of arbitration. That proposal was rejected by France. M. Poincaré made it plain in London that there were two conditions which he considered essential. The first was one to which the British government took exception, not on its merits, but because they objected to using pressure to make demands which Germany could not fulfill—the occupation of the Ruhr. The second condition was that the amount payable by Germany should not be altered, except to the extent that any of the allies might choose to disavow some of the claims. Those two conditions seemed to Mr. Bonar Law to make an agreement quite impossible.

He thought that the British proposal was rejected in the main, because it seemed to France, that it might be possible for Germany in fifteen or twenty years to pay off the whole

of the sum proposed, and then be in a stronger position than before the war. It was France's feeling of her own insecurity that was at the bottom of her rejection of the British proposal.

Had the British proposal been accepted, the French and Italian debts to Britain would have disappeared, and Britain would have received, both from her creditors and from Germany, a smaller sum than she would have had to pay to America. Those proposals were not merely just, but generous.

But France was determined to try her plan, and it had proved dangerous, and even disastrous, to the economic life of Europe. The Ruhr was the jugular vein of German industry, and by cutting that vein France had done greater harm to Germany than she had suffered herself. He could see no bright prospect. The occupation of the Ruhr would intensify the feeling of German nationality. The question of the British troops on the Rhine had not yet become acute. It was no use to appeal to the League of Nations against the will of France.

February 14.—The debate on the address was resumed by Major Cadogan (Conservative), who spoke mainly on the advisability of encouraging emigration to the colonies as a means of solving the problem of unemployment. He reminded the House that the population of Great Britain had increased by over 1,000,000 since 1913. During the last ten years juvenile mortality under the age of 15 had decreased by 13%. At the same time the number of the population over 70 years of age had increased by something like 200,000. The government must place emigration on a broader and more scientific basis.

Defends British Policy in the Near East

The Undersecretary of State for Foreign Affairs (Mr. R. McNeill), in answer to various criticisms of the government's policy, said that there was no shadow of foundation for the suggestion that Britain's relations with Russia had anything to do with the failure at Lausanne. The real fact was that the Turks had taken advantage of the well-known fact that the last thing Britain desired was to have to draw the sword.

He thought that the provisions of the treaty showed that Lord Curzon was very fully aware of the necessity for protecting the interests of the non-Mussulman minorities. When he urged that the Turks find some corner of their Empire which might be made into a national home for the Armenians, they refused absolutely, on the ground that it would be an encroachment on their sovereignty.

If the Turks would behave reasonably and accept the very generous terms offered them, he believed that Britain and the British government would be only too anxious to re-establish friendly relations with them.

Amendment to Address Proposed by Labor

February 15.—Mr. Clynes (Labor) proposed an amendment to the address, regretting the absence in the King's speech of any indication of a policy that would check the progressive economic ruin of Europe, and that would employ the League of Nations for conciliation and arbitration in critical matters like the occupation of the Ruhr, and for reconsideration of the clauses, especially the economic ones, of the peace treaties.

Mr. Clynes saw no chance of solving the unemployment problem by means of emigration. Britain was spending about 2,000,000 pounds a week in unemployment relief. That money should be turned in large part from dole money into wage money. Insurance was well enough as a measure of relief, but it did not touch the present problem. Until

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trade could be revived, available labor should be used on necessary construction work, such as building houses, roads, bridges, canals, etc. It would be better to pay 3,000,000 pounds a week in wages than 2,000,000 pounds without return.

The Minister of Labor (Sir Montague Barlow) gave figures to show a large increase in savings of small investors in the years since the war. He also showed that there had been a steady improvement in health statistics. The infant mortality figure last year, 99 per thousand, was the lowest but one on record. There had, also, been a steady decrease in unemployment since June, 1921.

February 16.—The debate on My Clynes' amendment to the address was resumed.

Advocates World Conference

Mr. Philip Snowden (Labor) said that the fundamental causes of the European situation were to be found in the failure of European statesmen four years ago to do the greatest deed man ever had the opportunity of doing. They gave Europe a peace which was a violation of everyone of the conditions of the armistice, a peace based upon vengeance.

France, he continued, was undoubtedly the richest country in Europe, possibly even in the world. During the last four years, according to an eminent French economist, the savings of the French people had been 400,000,000 pounds a year. France had no unemployment and a rapidly expanding external trade. Yet she was pursuing a policy which she attempted to justify on the ground of her deplorable economic condition. France's main aim was the complete economic destruction of German life and the further dismemberment of her political area. If Germany had won she could not have inflicted upon her enemies a peace more brutal, more indefensible, more dishonest, more provocative of continued hate than the Allies, who professed higher ideals than those attributed to Germany.

He characterized the government's policy of "acting in such a way as not to add to the difficulties of our Allies" as weak and contemptible. The matter should be referred, not to the League of Nations, but to a World Conference in which the United States would be the chief participant.

Mr. Stanley Baldwin Discusses Future Developments of British Markets

The Chancellor of the Exchequer (Mr. Stanley Baldwin) agreed with Mr. Ramsay Macdonald, who had just spoken, that the State of Europe had a direct bearing on the economic condition of Britain, and that international exchanges were essential to her economic prosperity. But he did not agree that there ought to be a break with France.

The whole industrial system of Britain had grown up in a very limited space of time. Meanwhile, also, that amazing organization of international trade had grown up automatically and empirically to meet a growing need. That perfect mechanism was smashed to pieces by the war, and the world found itself with an industrial system broken, with impoverished markets and with the means of making the exchange shattered almost beyond repair. Measures to meet the catastrophe had had to be improvised and devised at a moment's notice.

It was not the absence of capacity of production that was causing harm. It was the absence of the consumer. It was possible that Britain might lose for a time the European markets. It would be the height of folly not to do everything possible to develop other markets, and, should the state of Europe remain bad for many years, Britain, with her inter-Imperial trade and her connection with the East, would be the first country to get on to a firm basis of trade.

Amendment to Address Defeated

The amendment was rejected by 277 votes to 180.

February 19.—A united liberal amendment to the address, dealing with reparations and the French occupation of the Ruhr, was moved by Mr. Herbert Fisher.

Lloyd George Discusses Secretary Hughes' Proposal to Re-examine Reparations Question

Mr. Lloyd George proposed that the British government should sound the American government as to whether they were standing by the proposal made by Mr. Hughes in view of the contingency of the failure of the Paris Conference. Mr. Hughes, in proposing that experts be appointed to examine anew the whole question of reparations, said: "There lies the open broad avenue of opportunity, if those whose voluntary action is indispensable are willing to take advantage of it. Once this is done, the avenues of American helpfulness cannot fail to open hopefully." Mr. Lloyd George was surprised that that declaration, coming from a country whose cooperation was essential to any settlement of a restored world, should have attracted so little attention in Britain. He believed that, if the United States and Britain together approached France, they would be able to get rid of the difficulty that had been hanging like a cloud upon the fortunes of Europe.

Mr. Bonar Law regretted the action France had taken but did not think it would be advisable to interfere. To refer the matter to the League of Nations was impossible against the will of France. He was surprised by the reference in the amendment to the possible action of America. No word had been written or spoken by any representative of the American government which would indicate that the United States would be willing to intervene in European quarrels.

The amendment was rejected by 305 votes to 196.

February 20.—A liberal amendment to the address suggesting an immediate and drastic curtailment of British responsibilities in Mesopotamia was defeated, as well as a labor amendment dealing with the necessity for fulfilling the obligations of the country towards those who suffered injury or death in the late war.

Address agreed to.

February 22.—Rent Restrictions (notices of increase) Bill read a second time.

February 28.—The Minister of Pensions (Major Tryon), in answer to a question, said that, excluding officers, the number of disabled men at present in receipt of pensions was 745,000; the number of widows in receipt of pensions or allowances, 156,000; and the number of other dependents in receipt of pensions or allowances 375,000. The corresponding figures for officers were 28,700, 9,400 and 6,600.

House of Lords

February 13.—Opening of Parliament. Reply to address from the Throne moved and seconded.

British-French Relations

Viscount Grey of Fallodon said that the allies had gone to the very limit of the concessions that could be made to the Turks. It was most important that foreign trade should have security in Turkey, and for that security there must be guarantees.

Dealing with the Ruhr, he said that the maintenance of cordial relations between Britain and France became more necessary every year. Neither country was safe, if divided. Isolation would always be dangerous. Cooperation between the two countries was essential to reconstruction, to securing peace and to making Europe stable. He did not feel, how-

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ever, that Britain could participate in the action taken by the French Government in the Ruhr, not from want of sympathy, or from a feeling of moral indignation, but because he believed that, from the economic and financial point of view, from the point of view of getting cash, France's action was not merely not wise but would be disastrous. The idea of that action was to put pressure upon Germany, and produce in her the will to pay. That pressure meant suffering, deprivation, starvation. Those means might produce the will to pay, but the power to pay would be greatly reduced. If Germany were forced to purchase the necessities of life abroad, her foreign securities would disappear. The root cause of the difficulty was the sense of insecurity with regard to the future in France. Had the Franco-British and the Franco-American treaties held, giving France political security for the future, France would, he believed, have looked upon the question of reparations in common with Britain as a purely economic and financial question. These treaties having disappeared, the problem of the future security of France still remained. The French action in the Ruhr might solve the problem temporarily, but the result must be to consolidate more and more Germany and Russia.

British Objectives at Lusanne Conference

The Secretary of State for Foreign Affairs (Lord Curzon) summed up the objects with which the British delegation went to Lausanne. In the first place they wanted to conclude peace between Greece and Turkey. The second object, of a more constructive character, was to give to Turkey an opportunity of reconstructing herself as a sound and stable state. The third object was to persuade the Turks that, having returned to Europe, they must assimilate their standards of government and administration to those of the West. The fourth object was to maintain the principle of the unbroken unity and solidarity of the allies. And those who attended the conference were confronted with a remarkable spectacle, in that the unity of the great powers was supplemented by a similar union and a most powerful support on the part of all the other states assembled in the Council Chamber. Greece, Serbia, Rumania, Bulgaria, soon acted along with the four great powers.

Industrial Assurance Measure

February 14.—Industrial Assurance Bill introduced and read a first time. House adjourned until Tuesday, February 20.

February 20.—Second reading of Industrial Assurance Bill.

The Lord Chancellor (Viscount Cave) said that the bill proposed to protect persons of small means. Industrial assurances were effected partly by assurance companies and partly by collecting societies registered under the Friendly Societies Acts. The premiums were received at intervals of not less than two weeks. The policies on the life of a man or his dependents were for sums of from 2 to 10 pounds or more. The premiums were quite small, a penny or a few pence a week. The amount of business done was astonishingly great. The total premiums received on that kind of policy in 1921 amounted to 37,000,000 pounds. In that year there were 7,000,000 new policies effected, and the total number of policies then outstanding was from 50,000,000 to 60,000,

000. With so much business it was not unnatural that abuses should have crept in. The bill in question proposed remedies for those abuses.

February 27.—Industrial Assurance Bill in committee. Passed.

March 8.—Industrial Assurance Bill passed and sent to Commons.

Inter-Allied Debts

Statement of the Earl of Balfour on international indebtedness. In reply to a request made by the Ambassador from the United States that the British Government formally and explicitly remove a misapprehension said to have been occasioned by his note on international indebtedness of August 1, 1922, Lord Balfour said that in the passage complained of, which ran as follows: "Under the arrangement (then) arrived at, the United States insisted, in substance if not in form, that though our allies were to spend the money, it was only on our security that they were prepared to lend it," he was unable to find anything either misleading or obscure. Up to America's entry into the war, the burden of financing those allies who could not adequately finance themselves fell mainly, though not wholly, upon Great Britain; and the most difficult part of her financial task in the early days of the war was to find dollars to pay the American producer for war material required by herself and her friends. After America's entry into the war the American Government borrowed in America; out of these internal loans the American producer was paid; and one or another of the European belligerents (not necessarily the belligerent who was to use the material) became liable to the United States Treasury for the amount of the loan. In some cases the loan was a direct transaction between the United States and some particular ally, such as France or Italy, and that was the origin of that international indebtedness between those countries and America referred to by the American Ambassador.

The case of Britain was not so simple. It was complicated by the fact that, unlike other European belligerents, she was straining her credit to finance her friends, and that, unlike America, she was making very large purchases of goods which had to be imported from overseas. Either of these tasks singly could have been accomplished without external borrowing, but not both at the same time, a fact which was not surprising in view of the large loans made by Britain to other nations both before and after America's entry into the war.

In these circumstances the British Government suggested that the Government of the United States relieve her of the former of these two tasks, and finance the allies, in which case Britain would be able to pay for all her war material without borrowing. Had the United States Government adopted that plan there would have been no loan from America to Britain. But the American Government declined, doubtless for amply sufficient reasons, and as a result Great Britain had to borrow from the United States, using the American money thus obtained to pay the American producer, and employing her own resources, thus set free, to aid her allies. In other words, the American producer obtained his price, the American lenders got British security, the allies were helped through their financial difficulties, and Britain obtained their promise to pay.

—NEXT MONTH—

AMERICA'S PLACE IN WORLD AFFAIRS

SHALL THE UNITED STATES CONTINUE OR CHANGE PRESENT
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OUTLINE OF PRESENT METHOD AND ITS TRADITIONS

THE PERMANENT COURT OF INTERNATIONAL JUSTICE
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ITS ORIGIN, MEMBERSHIP AND JURISDICTION

SHALL UNITED STATES JOIN PERMANENT WORLD COURT?

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WILL PARTICIPATION LEAD INTO THE LEAGUE OF NATIONS?

IS AMERICAN PARTICIPATION NECESSARY TO WORLD PEACE?

FUNDAMENTAL POINTS BROUGHT OUT

ALTERNATIVE PROPOSALS OUTLINED

FULL PRO AND CON DISCUSSION

ADDITIONAL FEATURES

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